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Current History

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In this issue, six articles focus on the domestic and foreign problems facing the Soviet Union in the 1970's. Our first article explores the Soviet-Chinese relationship. "For the remainder of the 1970's, it is unlikely that Soviet-Chinese relations will improve significantly, unless China or the Soviet Union is willing to compromise on the major issues which divide them. However, given the consequences of a nuclear exchange, it is highly improbable that the two will resort to war."

The Soviet Union and China: Is War Inevitable?

BY ROGER E. KANET

*Visiting Associate Professor of Political Science,
University of Illinois at Urbana-Champaign*

IN 1969, DISSIDENT Soviet historian Andrei Amalrik wrote an essay in which he argued that a Chinese attack against the Soviet Union (which he viewed as extremely likely within 15 years) would result in the collapse of the Soviet state and the destruction of Russian control over East Europe and much of the territory of the U.S.S.R. itself. In another 1969 publication, Harrison Salisbury entitled his study of Sino-Soviet relations *War Between Russia and China*.¹ Such interpretations of the state of relations between the two largest Communist countries would have been inconceivable only a decade earlier. Then, both the Soviets and Chinese were affirming their undying friendship for one another, and most Western commentators saw little chance for a break in that "friendship." However, at that time, the "undying friendship" was being tested, and in 1960 it ended with the beginning of public polemics between China and the Soviet Union. Throughout most of the 1960's, Soviet-Chinese relations were characterized by an increasing level of hostility that culminated in the border conflicts of 1969.

In the past few years, the changing relationships among the three major world powers—especially the normalization of relations between the United States and China and the significant expansion of contacts between the United States and the Soviet Union—have added a new degree of complexity to the Sino-Soviet relationship. But Amalrik's prediction still raises a question: is the conflict between the two Communist giants likely to result in a full-scale war? Conversely, what are the prospects for some type of relaxation of tensions between the two countries during the coming years? In order to attempt to provide an answer to these questions, it is necessary to outline briefly the major causes for the split that occurred in the relations between China and the Soviet Union in the early 1960's.*

Soon after the establishment of the People's Republic of China in October, 1949, China's Communist party Chairman Mao Tse-tung traveled to Moscow for discussions with Stalin and his advisers. Several months later, Mao returned to China with a friendship treaty and promises of Soviet economic assistance to the new Chinese Communist state. During the next seven years, China appeared to be the most faithful ally of the Soviet Union, echoing time and again Chinese support for the Soviet Union as the leader of the world Communist movement. During the "honeymoon" phase of Chinese-Soviet relations, the Chinese leaders did not publicly deviate from the

¹ See Andrei Amalrik, *Will the Soviet Union Survive until 1984?* rev. ed. (New York: Perennial Library, Harper & Row, 1971), pp. 3-69, especially pp. 60-62; Harrison E. Salisbury, *War Between Russia and China* (New York: W. W. Norton, 1969).

* The author wishes to express his appreciation to the staff of the Research Institute on Communist Affairs of Columbia University, especially to Jane Leftwich, for assistance in preparing this article.

Soviet position or indicate any interest in acting independently of their Soviet allies.

As we were to learn later, however, this facade of cordiality concealed some disagreements. In 1962, for example, Mao Tse-tung stated that the roots of the conflict between the two countries lay in the years immediately following the defeat of Japan, "when Stalin tried to prevent the Chinese revolution by saying that there should not be any civil war and that we must collaborate with Chiang Kai-shek."¹ After the Chinese Communists had seized power contrary to Stalin's advice, Stalin apparently distrusted Mao and treated him as a potential Tito.² It was not until after the death of Stalin that the Soviets returned to Chinese control the three ports in Manchuria and the railway system of the northeastern part of China which they had acquired before the Chinese Communists came to power.

By the mid-1950's, the Soviets were faced with serious problems in their East European empire which culminated in the revolution in Hungary and a reduction of Soviet control in Poland. These problems provided the Chinese with their initial opportunities to act independently of the Soviets as they first offered their advice and later, in 1957, provided support to those elements in East Europe who favored an expansion of local autonomy from Soviet domination.³ Throughout the late 1950's—as has become clear only in retrospect—the leaders of the two countries began to differ significantly on a variety of questions ranging from the theoretical importance of the Chinese "Great Leap Forward" and Soviet support for the bombardment of the Chinese offshore islands of Quemoy and Matsu, to the role of the Communist Party of the Soviet Union (CPSU) as the leading party within the world Communist movement, and the Soviet policy of détente with the West.⁴ In 1959, shortly after the border conflict between China and India, a Tass report stated that the U.S.S.R. "maintains friendly relations with the Chinese People's Republic and the

² Mao Tse-tung, "Speech to the 19th Plenary Session of the Eighth Central Committee, September 24, 1962," translated in *The New York Times*, March 1, 1970.

³ For an excellent study of the role of China in supporting the Poles and Rumanians see Jacques Lévesque, *Le conflit sino-soviétique et l'Europe de l'Est: Ses incidences sur les conflits soviéto-polonais et soviéto-roumain* (Montréal: Les Presses de l'Université de Montréal, 1970).

⁴ For a perceptive early survey of the background of the conflict see Donald S. Zagoria, *Sino-Soviet Conflict, 1956-1961* (Princeton: Princeton University Press, 1962).

⁵ *Pravda*, September 9, 1959. In his report to the Supreme Soviet on October 31, 1959, Khrushchev took a neutral stance on the border dispute. *Pravda*, November 1, 1951.

⁶ See Zagoria, *op. cit.*, pp. 299-340.

⁷ The texts of the major documents for this period can be found in William E. Griffith, *The Sino-Soviet Rift* (Cambridge: M.I.T. Press, 1964).

⁸ Letter of the Central Committee of the Communist Party of China, February 29, 1964, in William E. Griffith, *Sino-Soviet Relations, 1964-1965* (Cambridge: M.I.T. Press, 1967), p. 183.

Republic of India" without indicating any support for the Chinese.⁵

In April, 1960, the Chinese made public their ideological disagreements with the Soviets in a series of articles attacking revisionism, especially the ideological innovations introduced by Soviet Premier Nikita Khrushchev during the 1950's concerning peaceful coexistence, the non-inevitability of war, and the possibility of a peaceful road to Communist power. During the summer of 1960, the Soviets responded with a letter to Communist party heads outlining their criticisms of the Chinese, a series of published attacks on the Chinese position, and the withdrawal of all Soviet technicians then working in China.⁶ In November, at a meeting of 26 Communist parties in Moscow, a short-lived compromise between the two disputants was worked out which, however, collapsed within less than a year.

WORSENING RELATIONS

For the next few years, until the forced retirement of Khrushchev from his government and party positions in the fall of 1964, the conflict between the two Communist giants worsened. The Cuban missile crisis, the Sino-Indian War of October, 1962 (in which the Soviets sided with the Indians), and the use of the European Communist party congresses of November-December, 1962, as forums for anti-Chinese attacks added to the increased level of hostility. In early 1963, Soviet calls for a halt to polemics were met by continued Chinese denunciations of Soviet revisionism, including a 60,000-word letter of June 14, 1963, in which the Chinese presented a 25-point "proposal on the general line of the international Communist movement and on some related questions of principle."⁷ The Soviets responded by expelling three Chinese diplomats who were accused of distributing the letter in Moscow. In July, a meeting in Moscow between the Chinese and Soviets was terminated within two weeks without any resolution of the outstanding points of disagreement. The discussions, however, had had little chance of success, since both countries continued to publish denunciations of one another while the talks were in progress.

Throughout the remainder of 1963 and until Khrushchev's ouster in October, 1964, the polemics continued. By that time, the arguments employed by the two disputants had gone far beyond the level of ideological interpretation. The Chinese, for example, noted that the economic "aid" provided by the Soviets during the 1950's had not been free. Most of the loans from the Soviets were used to purchase the war material used by China in the Korean War. Later these loans were repaid, with interest, by Chinese exports of foodstuffs and raw materials to the U.S.S.R.⁸ The Soviets had begun to condemn the Chinese leadership for racism because of Chinese at-

tempts to have the Soviets expelled from a number of Afro-Asian organizations.⁹

In the months immediately following the overthrow of Khrushchev, the new Soviet leadership, headed by Party Secretary Leonid Brezhnev and Premier Aleksei Kosygin, made efforts to improve the Soviet relationship with the Chinese. Each side in the dispute refrained from a direct attack on the other. However, with the escalation of the war in Vietnam, a new area of disagreement developed between China and the Soviet Union, and by March, 1965, when the Chinese and several other Communist parties refused to attend a meeting of Communist parties in Moscow, renewed Chinese attacks on the Soviets began.

By the summer of 1965, the Chinese made their first direct attacks on the new Soviet leadership, which they accused of not having "departed from the essence of Khrushchev's policies—revisionism, great-power chauvinism, and Soviet-American cooperation for the domination of the world."¹⁰

With the introduction of the Great Proletarian Cultural Revolution in China in the summer of 1966, the possibility that normal relations between the two major Communist states could be reestablished seemed to have been eliminated.¹¹ In fact, the excesses of the cultural revolution and China's virtual withdrawal from the world scene actually worked to the advantage of the Soviets. The Soviets could increasingly gain support for their renewed attacks on the "irrationality" of the leaders of China. During the period of the cultural revolution, a new issue in the dispute between China and the Soviet Union had become increasingly important: the Chinese claims to territory held by the U.S.S.R. Negotiations on the question of the Sino-Soviet border had taken place in 1964, but had been broken off without any agreement. By early 1969, Chinese and Soviet troops had been massed along the border in both Central Asia and the Far East, and in March two brief but serious battles occurred on Damansky (Chenpao in Chinese) Island in the Ussuri River. Since October, 1969, the Chinese and Soviets

⁹ See "For Unity in the Struggle for Peace, Freedom and National Independence," *New Times*, no. 19 (1964), p. 32.

¹⁰ *Peking Review*, no. 25, June 18, 1965.

¹¹ In 1966–1968, neither the Chinese nor the Soviets sent delegations to one another's national holiday celebrations.

¹² One of the best brief treatments of the border dispute can be found in Thomas W. Robinson, "The Sino-Soviet Border Dispute: Background, Development, and the March 1969 Clashes," *American Political Science Review*, LXVI (1972), 1175–1202. See, also, Tai Sung An, *The Sino-Soviet Territorial Dispute* (Philadelphia: Westminster Press, 1973). The major documents relevant to the border dispute can be found in *Studies in Comparative Communism*, II (1969), 149–382.

¹³ See, for example, the articles on Sino-American relations in *Pravda*, July 3, 1971, and September 4, 1971.

¹⁴ At various times the ruling parties of Albania, North Korea, and North Vietnam supported the Chinese. Non-ruling parties that tended to be pro-Chinese included those of Indonesia, Japan, and New Zealand.

have been engaged in apparently fruitless negotiations on a delineation of the border.¹²

CHANGING FOREIGN POLICIES

In the four years since the border clashes, the foreign policies of both China and the Soviet Union have been significantly modified. Each country has attempted to improve its relationships with the rest of the world—in part, apparently, to eliminate the possibility of a "two-front" engagement. For China, this has meant a return to international diplomacy (after the virtually total isolation of the cultural revolution period) and admission to the United Nations.

The most spectacular shift in China's foreign policy, however, has been the development of political relations with the United States, culminating in the exchange of diplomats, despite the fact that the issue of Taiwan prevents the establishment of formal diplomatic relations. In addition, China has now entered the United Nations as a permanent member of the Security Council and has established diplomatic relations with most of the countries of the world.

The Soviets have responded by attempting to create an obviously anti-Chinese Asian security system and, initially at least, by launching a vitriolic propaganda attack against the anti-Soviet nature of Chinese–United States' rapprochement.¹³ The dispute between the Soviets and Chinese has not only concerned a wide range of issues, but has also affected the relationship between the two powers and third countries. As we have noted, the original dispute concerned primarily the interpretation of Marxist-Leninist ideology: the Chinese condemned the Soviets for the revisions of the late 1950's. They refused to accept the Soviet position that war was no longer inevitable, or that communism could be achieved by peaceful means, or that peaceful coexistence should become the key element of Communist foreign policy. However, it soon became evident that the dispute concerned more than ideology.

Throughout the 1960's, China competed—at times rather successfully—with the Soviets for influence within the world Communist movement. By the middle of the decade, pro-Chinese splinter Communist parties existed in most countries, and several national Communist parties backed the Chinese position in world affairs.¹⁴ Even in East Europe, the Chinese were able to find supporters—or those who were willing to use the Sino-Soviet dispute as a method of reducing the influence of the Soviets in the area. One of the most significant aspects of the Sino-Soviet dispute was the stimulus which it provided for disunity in the worldwide Communist movement. The meetings of the international Communist organizations and various front organizations became forums for Chinese and Soviet attacks on one another. For example, by

1965, the meetings of the Afro-Asian People's Solidarity Organization, which had been founded almost a decade earlier at Soviet initiative, focused on Chinese efforts to have the Soviets expelled from the organization as a white European power.

The major problem that the conflict with China raised for the Soviets in their relations with other Communist parties was the fact that the Chinese offered an alternative source of support in case of a break in relations with the Soviet Union. Throughout much of the 1960's, the Rumanians successfully used the breach in Soviet-Chinese relations to decrease their dependence on the Soviets. Since the Soviet leaders were actively seeking allies in their struggle with the Chinese, and since direct coercion of the Rumanians would provide the Chinese with additional material for their anti-Soviet propaganda, the Soviets were forced to permit Rumania a far greater degree of independence than she had had in the 1950's.

Since the conclusion of the Great Cultural Revolution in the late 1960's, the Chinese have renewed their efforts to develop relations with the Communist parties of Europe. Chinese ambassadors have returned to the capitals of East Europe, and trade relations have begun to expand.¹⁵ One of the most fascinating developments has been the recent improvement in relations between China and Tito's Yugoslavia. This is most significant because at the beginning of the open conflict between China and the Soviet Union Yugoslavia symbolized for China all the evils inherent in revisionism, and prior to direct Chinese attacks on the Soviets, Yugoslavia functioned as an *ersatz* target of Chinese denunciations. Apparently Chinese interest in the normalization of relations with Yugoslavia is part of a broader interest the Chinese have taken in European events since the Soviets began their most recent—and continuing—efforts at rapprochement with the West.

The recent development of Chinese interest in

¹⁵ For an interesting analysis see "China's Trade with East Europe: Built-in Limitations," *Radio Free Europe Research, Communist Area, China*, no. 1750, March 28, 1973.

¹⁶ It should be recalled that at the time of the Molotov-Ribbentrop agreements in August, 1939, the Soviets were faced with a similar threat from Japan along their eastern borders.

¹⁷ As Charles Gati noted in "The Diplomacy of Détente: Soviet Efforts in West Europe," *Current History* LXIII, 374 (October, 1972), 164, the Soviets and their allies have finally reduced their hostility to the Common Market and have, as Brezhnev put it, begun to recognize "the existing situation in Western Europe."

¹⁸ See, for example, the speech of Chiao Kuan-hua at the U.N. General Assembly entitled "Soviet Proposal on Disarmament Is a Fraud," *Peking Review*, no. 46, November 17, 1972, pp. 5-6. He stated that: "The Soviet leaders tried by every possible means to make people believe that they have laid down their butcher knives and become Buddhas at once." Their actions in Czechoslovakia and Pakistan belie this claim, he maintained.

¹⁹ See "Sino-Soviet Polemics and European Security," *Radio Free Europe Research, Communist Area, China*, no. 1758, April 4, 1973.

Europe seems to be the result of the efforts, and successes, of the Soviet Union in its European "peace offensive." Since approximately 1969, the Soviets have made concerted efforts to reach an accommodation with West Europe. Soviet objectives seem to be related to two major goals: first, the reduction of the possibility of military conflict on the western borders of the Soviet "empire" and, second, the expansion of trade with the technologically more advanced countries of the West.

Since the border conflicts with China in 1969, the Soviets have apparently been motivated in their relations with the West by the fear of a possible two-front confrontation in both Asia and Europe. While the Soviets have continued to build up their military strength along the borders with China, they have also emphasized the need for the regularization of relations in Europe and have advocated the holding of a security conference that would help to reduce the tensions that continue to exist there.¹⁶ The improvement of relations with the Federal Republic of Germany has been a key aspect of the Soviet "peace offensive." The Berlin Agreement of 1971 and the treaties of the Soviet Union and Poland with West Germany and the more recent regularization of relations between the German Democratic Republic and West Germany have gone far to provide the types of guarantees desired by the Soviets.

In addition, West Germany represents one of the major sources for the industrial goods and technology required by the economies of the Soviet Union and its East European allies. Ever since the early 1960's, the Communist countries of Europe have been suffering from major economic problems. Almost all of them have experimented with various types of economic reform, and all of them have expanded their trade ties with the West. Most important has been their attempt to gain access to the technological innovation that has occurred in the West. This search for Western technology has been an important factor in their efforts to improve relations.¹⁷

In response to Soviet successes in the policy of détente in Europe, the Chinese have recently exhibited far more interest in European affairs. They have attempted to point out the disingenuousness of Soviet peace proposals and the dangers to Europe inherent in a policy of détente.¹⁸ The Chinese have also supported the views of Western military leaders that the West must deal with the Soviets only from a position of strength, lest the Soviets gain a major advantage in the negotiations that are presently under way.¹⁹ The Chinese leadership is obviously concerned that détente between the Soviet Union and its Western opponents would free the Soviet Union to concentrate its military efforts more sharply along its borders with China.

Closely related to the overtures of the Soviet Union

and China to West Europe has been the amazing change in the relations of both countries with the United States. Since China's return to international affairs after the cultural revolution, one of the most important changes in her foreign policy has been the normalization of relations with the United States. From the viewpoint of the Chinese, the increase of tensions in Sino-Soviet relations and the possibility of expanded border conflicts required some type of accommodation with the United States. Such an accommodation would serve China (much as détente in Europe would serve the Soviets) by reducing the possibilities of a two-front engagement. The immediate Soviet response to the improvement in Sino-American relations was the claim that the only factor bringing the two countries together was their mutual hatred for the Soviet Union. The Chinese were accused of serving the interests of United States imperialism by aiding the United States, attempting to undermine the strength of the socialist camp and to deepen the split in the anti-imperialist ranks.²⁰

Recently, however, as the Soviets have also engaged in efforts to improve relations with the United States, Soviet propaganda against the Chinese-American détente has been partially muted, and the Soviet analysis of the relations among the three countries has become more sophisticated. (In an article on Chinese-American relations that appeared in the Soviet journal *USA*, V. P. Lukin, a senior scholar at the Institute of United States Studies of the Soviet Academy of Sciences, noted that the "normalization" of relations between the United States and China represented not just a tactical maneuver, but the first stage of a long-term development.²¹) He viewed the triangular relationship among the United States, China and the Soviet Union as an arrangement that was likely to endure. Finally, he pointed out that an improvement in Chinese-American relations did not necessarily preclude the development of détente between the United States and the Soviet Union.

In spite of this more reasonable approach to the expanded role of China in international affairs, the Soviets have continued much of their propaganda against developments in both Chinese domestic and foreign policies and have persisted in the view that China is a regional power without legitimate interests outside of East Asia.

An important area of Soviet-Chinese competition

²⁰ "Policy of Splitting the Anti-Imperialist Forces," *Pravda*, September 18, 1971, in *Current Digest of the Soviet Press*, XXIII, 38 (1971), 18.

²¹ See *Ssha—Politika, Ekonomika, Ideologiya*, no. 2 (1973), pp. 12-23.

²² The Soviets have condemned the Chinese for supporting anti-government forces in India, Burma, Thailand, Malaysia, Indonesia and the Philippines and for exploiting "every opportunity to spread dissension and conflicts." See G. Apalin, "Peking and the 'Third World,'" *International Affairs*, no. 12 (1972), pp. 28-34.

during the past decade has been the struggle for influence in the developing countries. In the early 1960's, the Chinese made serious efforts to supplant the Soviets in a number of Communist front organizations based in the developing world. In addition, the Chinese began to compete with the Soviets for friends within the developing world by offering economic and military assistance (often on terms better than those of the Soviets), as well as political support to the governments of independent Asian and African states.

During the period of the cultural revolution, when the Chinese withdrew diplomatic representatives from most developing countries and extended no major new offers of assistance (with the exception of the construction of the railroad linking Zambia's copper mines with the coastal ports of Tanzania), the Soviets were offered a respite in their competition with the Chinese. Since the late 1960's, China has returned to the developing world with a renewed emphasis on the establishment of cordial relations with official governments. The two major areas of competition between the two Communist powers have been in the Middle East and in South Asia and, to date at least, the Soviets have seemed to be the winners. Since the Arab-Israeli War of 1967, the Soviets have been the major source of both military and political support for the Arabs in their continuing struggle with Israel, although the development of relations between the Soviet Union and Egypt during the past year poses questions concerning the long-term future of the Soviet position. The Chinese have had little to offer the Arabs except revolutionary rhetoric, for which the Soviets have continually branded them as "bourgeois" revolutionists.²²

In the past two years, the Chinese have moved away from their support for Arab revolutionaries and toward support for established governments. In 1971, for example, they condemned the abortive coup of the Sudanese Communist party. Later, they broke with the Eritrea Liberation Front that has been fighting

(Continued on page 179)

Roger E. Kanet is currently on leave from the University of Kansas. He is the author of articles on Soviet and East European politics and editor of *The Soviet Union and the Developing Nations* (Baltimore: Johns Hopkins University Press, forthcoming), editor of *The Behavioral Revolution and Communist Studies* (New York: Free Press, 1971), and co-editor (with Ivan Volgyes) of *On the Road to Communism: Essays on Soviet Domestic and Foreign Politics* (Lawrence, Kansas: University Press of Kansas, 1972). This article was written in part while he was a Joint Senior Fellow at the Research Institute on Communist Affairs and the Russian Institute of Columbia University.

"It is premature to talk of a generation of steadily improving Soviet-American relations. . . . Yet, given Brezhnev's serious domestic difficulties and his need for Western financial and technological assistance, and given President Nixon's need to recoup some of the political influence he has squandered as a consequence of the sordid Watergate revelations, there are grounds for a guarded optimism."

Soviet-American Relations in Transition

By ALVIN Z. RUBINSTEIN
Professor of Political Science, University of Pennsylvania

THE DIPLOMATIC RELATIONSHIP between the Soviet Union and the United States has improved significantly in the past two years. For the first time since 1917 the two superpowers are on the threshold of relationships that could help assure the absence of nuclear war and the building of international stability. Assembling the building blocks for a lasting détente will be difficult, time-consuming, and not without pitfalls, but the prospects are better now than at any time since 1945.

Instead of reviewing the familiar course of post-World War II Soviet-American relations, this article will focus on the two Nixon-Brezhnev summit meetings, their background, results, and implications, and on other related developments of this period. These conferences epitomized the end of the "old" cold war, but it is not yet clear what they portend for the "new" cold war. An evolving superpower relationship seeks stability at the strategic (nuclear) level, collaboration in areas of mutual concern, and continued rivalry at a diminished level of intensity in various areas of the world.

Assessing the long-range prospects for détente between the Soviet Union and the United States, we might find it useful to note some characteristics of their relationship and outlook. First, the two countries have never fought a war against one another. This is a remarkable fact of 200 years of modern history. Notwithstanding their rivalry and bitter hostility, they did not go to war over Berlin in 1948-1949, Korea in 1950, Hungary in 1956, Cuba in 1962, Czechoslovakia in 1968, or over Vietnam or the Middle East. Both have carefully refrained from exacerbating confrontations which might have brought them into direct military conflict.

Second, the U.S.S.R. and the United States do not have any quarrel over territory. The absence of any irredentist claims against one another means that real estate is not at the heart of their difficulties.

Third, as peoples, the Russians and the Americans have positive images of one another. (While the Russians constitute only 50 per cent of the total population of the Soviet Union, they are the politically dominant group and their culture pervades the entire society.) Their tastes in literature, music, theater, and ballet are mutually reinforcing. Nowhere is this more evident than in the general popularity that the cultural troupes of each country find in the country of the other. It is probably true that in no country in the world do Soviet artists and writers meet with greater acclaim and enthusiasm than in the United States.

Fourth, both superpowers have alliance problems. Paradoxically, at a time when each possesses greater military power than ever before, its influence over its allies and clients shows glaring signs of erosion. Given the understandable fear that a small nation has of a big, powerful neighbor, the two superpowers are disliked and mistrusted by their immediate neighbors. China is, and will remain, a problem and a threat to the U.S.S.R. for an indefinite period. Concerns over maintaining intra-alliance cohesion help to constrain each superpower from directly challenging the other in its primary sphere of influence.

Fifth, both societies share the admirable but quixotic belief of the nineteenth-century enlightenment that through science, education, and man's reason society can be transformed. This basic outlook predominates, despite mushrooming ecological, social, and economic problems. For both, gleaming technology still stands at the center of the societies that their elites seek to build.

A number of developments converged to bring about the summit meetings of United States President Richard Nixon and Soviet Party Secretary Leonid I. Brezhnev. A major improvement in Soviet-American relations and in the international political environment resulted.

Both superpowers were motivated by military and

economic considerations to seek a positive outcome to the Strategic Arms Limitation Talks (SALT), which began on November 17, 1969. The clear-cut American superiority in nuclear weapons and delivery systems that had existed in the 1950's and through most of the 1960's was ended by 1969-1970. By that time the Soviet Union had developed a nuclear arsenal on a par with that of the United States. "Supremacy"—the keynote of American strategic doctrine for two decades—gave way to "sufficiency." The United States accepted the Soviet Union as an equal in the realm of nuclear power. Further increases in the number of missiles and nuclear weapons could not bring additional increments in security: hence the recognition of the reality of mutual deterrence.

In addition, the cost of nuclear arsenals was becoming prohibitive. An uncontrolled arms race could bankrupt both nations. This led them to seek a formula that would enable them to keep military expenditures within manageable proportions, while at the same time ensuring their national security. Leaders of both nations understood that there were no absolute guarantees of security in a nuclear and missile age, and they were prepared to fashion an accord which would serve to stabilize their strategic relationship.

Normalization of relations with West Germany brought Moscow within reach of a prime postwar objective: Western recognition of the territorial status quo in Europe. In the fall of 1969, Willy Brandt came to the chancellorship in West Germany and immediately launched his government on a path of improving relations with the U.S.S.R. and the countries of East Europe. His *ostpolitik* resulted in the signing of the Soviet-West German Treaty of Friendship and Cooperation in August, 1970.¹ For Brezhnev, Bohn's ratification of the treaty (which was in doubt until President Nixon's visit to Moscow in May, 1972, was important, not only for the fulfillment of Soviet security aims, but for the consolidation of his position within the Soviet hierarchy. Leonid Brezhnev's German policy had met with considerable resistance in the party, and his prestige was at stake.

The progressive deterioration of Sino-Soviet relations, even after Nikita Krushchev's deposition in October, 1964, threatened in 1969 and 1970 to break out into open war. Clashes between Soviet and Chinese troops in March, 1969, ostensibly over an island that is under water half the year, heightened Peking's fear of a preemptive Soviet nuclear attack. A dramatic and ideologically startling reversal in China's foreign policy followed: in the summer of 1971, Peking invited President Richard M. Nixon to visit

China, after more than 20 years of bitter hostility between the People's Republic of China and the United States. China's fear of the Soviet Union overshadowed her antipathy toward the United States.

Moscow viewed this opening of China to the United States with uneasiness, seeing it as an attempt to isolate the U.S.S.R. In order to safeguard its western flank and enable it to cope, if need be, with China, Moscow pressed for ratification of the Soviet-West German Treaty and a relaxation of tensions with the West. To ensure this and to forestall any Sino-American accord which might be detrimental to the U.S.S.R., Brezhnev extended an invitation to President Nixon on October 12, 1971—five months before Nixon's projected visit to China—to visit the Soviet Union. Thus, the China factor in Soviet foreign policy impelled Moscow to seek a major improvement in relations with the United States.

Finally, domestic considerations led both nations to détente. The Soviet Union needs Western technology. Soviet military sectors are as advanced as those of the United States. But the Soviet government finds it difficult to raise the standard of living of its people—to satisfy consumer expectations with respect to material goods, including enough food for a varied and balanced diet. The 1971 Soviet harvest was poor, and the projections for 1972 were even worse, forcing Soviet leaders to purchase almost 19 million tons of grain in the United States. The U.S.S.R. therefore was interested in importing Western technology, obtaining long-term credits for purchasing foodstuffs, and negotiating the granting of most-favored-nation (MFN) treatment, which would enable Moscow to sell products such as vodka, furs, oil, and industrial diamonds in the United States on favorable terms.

President Nixon, on the other hand, wanted détente in order to facilitate the end of the war in Vietnam. He hoped to enlist Soviet support in persuading Hanoi to agree to a negotiated settlement.

THE MOSCOW SUMMIT

The first Nixon-Brezhnev summit meeting was held in Moscow from May 22 to May 29, 1972. The most significant agreement dealt with arms limitations.² SALT I consisted of two agreements. The first, which was drafted in the form of a treaty requiring formal ratification by both governments, limits each country to 200 ABM's (anti-ballistic missiles) for defense. These are to be divided equally at two sites, one of which is the capital, the other an offensive missile site at least 800 miles away. The second was a five-year agreement (which does not require legislative approval), limiting the number of offensive land-based and submarine-launched missiles. This agreement permits the Soviet Union to retain its numerical advantage of 2,358 ICBM's (inter-continental ballistic missiles) to 1,710 for the United States: Soviet

¹ For the text, see *Current History*, October, 1970, pp. 238ff.

² For the text, see *Current History*, October, 1972, pp. 181ff.

missiles consist of 1,408 land-based ICBM's and 950 submarine-launched missiles; the American, of 1,000 land-based and 710 submarine-launched. The United States can more than compensate for this numerical disadvantage in the number of long-range missile launchers because of its capability for MIRVing missiles, i.e., placing more than one nuclear bomb on one missile. The agreements do not eliminate the potential danger of nuclear war, nor prohibit qualitative improvements in existing weapons systems, nor limit the number of long-range bombers. Yet they represent an important step toward slowing down and possibly eventually curtailing the nuclear arms race.

Other agreements called for cooperation in medical research, environmental protection and outer space (including a plan for docking a Soviet and an American spaceship in 1975), and for preventing incidents at sea involving warships. (However, these incidents continue to occur in the Mediterranean, though for political reasons they are rarely publicized by either Moscow or Washington.)

The Soviet Union obtained less in the way of trade concessions than it expected, but negotiations continue. The success of their outcome depends, to a large extent, on the United States Senate. For example, the Soviets agreed to make payment of \$722 million for debts incurred during World War II for Lend-Lease assistance, provided that the United States Export-Import Bank extends credits to the U.S.S.R. and, even more important, that Congress grants MFN treatment to Soviet exports. The granting of most-favored-nation status is bogged down in a struggle between the White House (which wants to take advantage of the recent improvement in relations with the Soviet Union to expand trade) and the Senate (which insists that the Soviet Union agree to permit those of its citizens who desire to emigrate to do so without having to pay a heavy tax). On March 20, 1973, the Export-Import Bank announced that it would make a direct loan of \$101.2 million to the Soviet Union's Foreign Trade Bank and would guarantee the matching loans extended by three United States commercial banks. But the MFN controversy remains stalemated.

President Nixon's quickest dividend from the Moscow Summit came in Vietnam, where he was given time to complete negotiations that led to the full withdrawal of American ground forces in early 1973. In a calculated gamble, he decided on May 8, 1972—two weeks before he was due in Moscow—to mine the ports of North Vietnam in order to interdict the supplies of arms and materials that were enabling Hanoi to push its major offensive against South Vietnam. However, despite the United States mining of Hanoi's ports in May, 1972, and the resumption of heavy bombing of Hanoi in December, 1972, Moscow (and Peking) un-

derstood the politics of the measured American disengagement and maintained a critical but restrained position publicly, while privately persuading Hanoi to settle for two-thirds of the loaf. By exercising restraint at a crucial time, and thereby helping President Nixon to disengage militarily from Vietnam and eliminate it as a source of festering domestic discord, Brezhnev signaled his desire for a major improvement in Soviet-American relations.

President Nixon's Moscow visit also sharply reduced the possibility of a direct Soviet-American confrontation in the Middle East. Moscow does not want peace in the area, but neither does it want war. Its decision to announce President Nixon's forthcoming visit on October 12, 1971, was a calculated slap at Egyptian President Anwar Sadat, who was then on an official visit in the Soviet Union. Moscow thus signaled Cairo that it did not intend to jeopardize its détente with Washington in order to retain all its advantages in Egypt. A major war in the Middle East is less likely today than it was 18 months ago, notwithstanding the bitter debates in the U.N. Security Council and the rising level of Arab threats against Israel.

Moscow's truculent anti-Israeli speeches in the U.N. are designed to paper over Soviet unwillingness to provide Egypt with offensive weaponry. They are also intended to offset Peking's claims to monopolize the radical position on the Middle East question and its efforts to sow doubts among the Arabs about Soviet dependability. Sadat's ire at Soviet indifference to Egypt's military requests and the Soviet inability (or unwillingness) to extract concessions from the United States on the Middle East during President Nixon's visit contributed greatly to Cairo's unceremonious expulsion of Soviet military advisers in July, 1972. Brezhnev accepted the rebuff as a necessary cost of a new relationship with Washington. Perhaps he was pleased to disengage Soviet pilots and missile crews from direct involvement in the Egyptian-Israeli conflict. For the moment, Moscow's Middle East policy is subordinated to its policy of accommodation with the United States.

The real success of Brezhnev's visit to the United States from June 18 to 25, 1973, will become clearer when the trade and commercial implications of the new bilateralism between the Soviet Union and the United States are better known. While understandably interested in a mutual decrease in tension and a stabilization of the strategic arms race, Brezhnev has gone much further. He has committed his power and prestige to the policy of improving relations with the United States in many areas, despite the opposition of powerful elements in the party and at the temporary expense of Soviet aims elsewhere, most notably in the Middle East and Southeast Asia.

In late April, 1973, on the eve of his visit to the

United States, Brezhnev pushed through a far-reaching reshuffling of the party's Politburo. In the most drastic change in the composition of the Politburo since Khrushchev's ouster, Brezhnev removed two full members: P. E. Shelest and G. I. Voronov, generally regarded as hard-liners. Three new members were added: Yuri V. Andropov, the head of the secret police (KGB), was promoted from a candidate member to a full member—the first police chief since Lavrenti Beria in 1953 to be on the Politburo; Andrei A. Gromyko, the Minister of Foreign Affairs, and Marshal Andrei A. Grechko, the Minister of Defense, were made full members. Grechko is the first military man to sit on the party's top decision-making body since Marshal G. K. Zhukov in 1957. Thus, at one stroke, Brezhnev gathered support from the military and the secret police for his foreign policy. As long as this constellation dominates the Soviet scene, the current Soviet policy of seeking a détente with the West seems assured.

The Washington summit meeting took place in an atmosphere of effusive cordiality. No substantive agreements were reached that went beyond those concluded in Moscow the previous year. The two leaders pledged their countries to "act in such a manner as to prevent the development of situations capable of causing a dangerous exacerbation of their relations, as to avoid military confrontations, and as to exclude the outbreak of nuclear war between them and between either of the parties and other parties." Besides this agreement on the prevention of nuclear war, they reaffirmed their determination "to continue the course towards a major improvement in American-Soviet relations"; to move ahead "jointly towards an agreement on the further limitation of strategic arms"; to support the admission of the two Germanies to the United Nations; to expand trade; and to advance cooperation in such fields as the peaceful uses of atomic energy, agriculture, world ocean studies, transportation, and cultural exchanges. Brezhnev also invited Nixon to visit the Soviet Union again in 1974, in order to continue the practice of consultation at the highest level. All of this sounds positive and encouraging; however, it remains to be seen how these and the SALT II negotiations actually turn out.

President Nixon strengthened Brezhnev's hand internally by agreeing to the first-stage SALT agreement. However, SALT II may prove harder to nego-

tiate. For the present, neither superpower is prepared to accept a moratorium on long-range missile testing—the only agreement that would immediately ensure the stabilization of strategic weapons systems at current levels.

DÉTENTE IN EUROPE

The superpower relationship comes into sharp focus in Europe. Associated with, but distinct from, the evolving Soviet-American bilateral relationship are the efforts to promote détente in Europe within a multilateral framework. There are two parallel sets of negotiations, one in Helsinki and Geneva, the other in Vienna.

The first stage of the Conference on Security and Cooperation in Europe (CSCE) took place in Helsinki from July 3 to 7, 1973. The Soviet Union originally proposed the convening of a CSCE in the mid-1950's, hoping to forestall West Germany's accession to NATO, and again in the mid-1960's, in order to obtain Western recognition of the division of Germany. In effect, it achieved the latter goal in May, 1972, when West Germany ratified the Soviet-West German Treaty and normalized relations with Poland, Czechoslovakia, and East Germany. In October, 1972, the U.S.S.R. and the United States agreed to convene a conference of all European states except Albania. CSCE is no longer essential for Moscow, now that the West German Treaty has been ratified, but the Soviet Union cannot back out at this late stage. Its big concern is that the countries of East Europe may in unforeseen ways acquire a degree of diplomatic flexibility that could prove trying to Moscow.

The U.S.S.R. wants the CSCE to multilateralize the Soviet-West German Treaty by formally endorsing the territorial status quo in Europe and agreeing to the peaceful settlement of disputes and the principle of nonintervention in internal affairs with respect to the "political, economic, and cultural foundations of other states." To Moscow, this means the West's acceptance of the Brezhnev Doctrine, the formulation that the Soviet Union will intervene anywhere in East Europe to preserve "socialism" and Soviet hegemony. Moscow's interpretation of the principles of sovereign equality, territorial integrity and nonintervention assumes a free hand for the Soviet Union in East Europe and its right to try to expand its influence in West Europe, while taking measures to keep East Europe "protected" from "subversive" Western influence.³

Former U.S. Secretary of State William Rogers' visit to Prague at the conclusion of the foreign ministers' conference in Helsinki and his signing of the first consular convention between the United States and Czechoslovakia indicate that Washington is prepared to face the Soviet invasion of Czechoslovakia

³ At the July, 1973, meeting in Helsinki, the East German Foreign Minister put the matter more crudely: "In the German Democratic Republic all ideologies hostile to culture and man have been exterminated with their social roots. To anti-humanistic ideas, chauvinism, and militarism and revisionism East Germany cannot remain indifferent, nor can it put up with them if any attempt is made to disseminate them in this form or another." Clearly, for the Communists, peaceful coexistence does not cover the free flow and competition of ideas.

of August, 1968, and to proceed with the business of normalizing United States-Soviet relations within the existing European framework. Many West Europeans find this attitude cavalier and short-sighted. They may be less willing to accept a formula that would foreclose the possibility of the European Economic Community evolving toward greater political unity; and they are likely to be more adamant than the United States in pressing for a freer flow of information, ideas, and people between East and West. Great Britain, for example, disagrees with Moscow's interpretation that the principles adopted at Helsinki apply only to inter-governmental relations and not to relations between peoples. The 35 foreign ministers adopted an agenda and established working committees which are to convene in Geneva in September, 1973, and begin deliberations on the substantive issues raised at CSCE.

But the issues to be discussed at Geneva are window-dressing compared to the tough negotiations going on in Vienna. There, NATO and the Warsaw Pact countries are trying to reach an agreement that would involve a thinning out of American and Soviet troops from West and East Europe. At stake is not just the future of Soviet-American relations but, perhaps more important, the knotty issues of each superpower's relations with its closest allies.

The lengthy preparatory talks held in Vienna from January 31, 1973, to June 28, 1973, produced an agreement to convene a formal conference in Vienna on October 30, 1973, and a change in the title of the talks. Originally termed MBFR (Mutual and Balanced Force Reductions), they are known as the Conference on Mutual Reduction of Forces and Armaments and Associated Measures in Central Europe. The key change in terminology is the elimination at Moscow's insistence of the word "balanced." The NATO countries made several other concessions: they accepted the Soviet demand that Hungary's participation should be limited to observer status, and they agreed to the resumption of the talks without a detailed agenda.

It may be months before the delegates actually come to grips with the main question involved: how many troops, and whose, should be "thinned out"? Three crucial points still need to be settled before actual negotiations can proceed.

The first concerns the decision on whose troops should even be considered for the slimming process. Should they be Russian on the one side and American on the other, as is so often assumed, or should other NATO and

Warsaw Pact countries be involved too—as the West Germans and others would like?

The second concerns the areas in which these reductions should be made, and whether these should coincide with the areas in which measures of military constraint are also to be introduced—such as the joint notification of maneuvers or the exchange of observers on either side.

The third, most important of all, concerns verification procedures. Should the powers agree to leave this to national means of verification which, for NATO, means principally the American system of sensors and satellites, or should they work out something more comprehensive?⁴

No dramatic breakthroughs are imminent, but as Winston Churchill once observed, "Jaw-jaw is better than war-war."

America's NATO allies have a crucial interest in the Vienna talks. They fear that the United States, under the pressure of a persistent balance of payments deficit and an economy-minded Congress, may move unilaterally to reduce its \$17-billion annual commitment to NATO by withdrawing large numbers of the 313,000 United States troops now in West Europe. In a speech at the July, 1973, meeting of NATO defense ministers, James R. Schlesinger, the newly appointed United States Secretary of Defense, created a minor sensation by stating that NATO's conventional forces were adequate for the defense of West Europe against a non-nuclear Soviet attack, thereby suddenly contravening previous intelligence estimates that they were inadequate at present force levels.

OBSERVATIONS

The recent improvement in Soviet-American relations has been remarkable. The Brezhnev-Nixon summit meetings underline the fact that the basic issues of war and peace are heavily dependent on decisions made in Moscow and Washington. A continued improvement in Soviet-American bilateral relations is bound to have a salutary effect upon the negotiations going on in Geneva and Vienna. Both Brezhnev and Nixon are committed to détente. Nonetheless, beyond the cosmetics of the summits there remain difficult problems.

For example, the success of SALT II, which seeks to place restrictions on *qualitative* changes in the nuclear and missile capabilities of the two superpowers, is by no means a foregone conclusion. Given the irreversi-

(Continued on page 180)

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⁴ *The New York Times*, July 10, 1973, p. 14. At Helsinki, Soviet Foreign Minister Andrei A. Gromyko said that the Soviet Union would be willing to allow "observers from other states to attend military maneuvers under mutually acceptable conditions." If so, this would constitute a major breakthrough in post-1945 arms control talks on the possibility of on-site inspections.

“...the Soviet government is not likely, in the near future, to resurrect its former ‘activist’ policy in the Middle East. Instead, the area, including its Arab-Israeli sector, will probably enjoy the Kremlin’s ‘benign neglect,’ much to the joy of Jerusalem and to the regret and indignation of the Arabs.”

Soviet Policy in the Middle East

By OLES M. SMOLANSKY
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CONSTANT BOMBARDMENT by the media with news of the latest tragedy or crisis in world affairs has inevitably led to a kind of “defensive indifference” to international events on the part of much of the public. It is all the more remarkable, therefore, that (the decade-long United States concern with Indochina notwithstanding) one geographical area—the Middle East—has succeeded in holding the attention of the American public for a longer period of time and with more consistency than any other single region of the world.

There are many reasons for this preoccupation: the creation of the state of Israel and her dramatic struggle for survival against outwardly overwhelming odds; the inherent instability of the area, with frequent coups d'état, socio-economic upheavals, and shifting alliances succeeding each other in a kaleidoscopic fashion; Western dependence on Middle Eastern oil (recently highlighted by the much advertised “energy crisis”); and the great-power competition for influence in the Middle East, traditionally regarded as the strategically important bridge to three continents.

In the latter category, especially after the onset of the cold war in the early post-1945 era, apprehension over Soviet intentions has remained a constant and important feature of world-wide interest in the Middle East. One of the most important facets of this concern is the disparate nature of the parties who voice it, each for his own reason.

Thus, alarm at Moscow's ambitions is periodically sounded by Jerusalem, by some official circles in NATO and CENTO capitals, by the major Western oil companies, and, outside the “free world,” by Communist China. It is often held that the U.S.S.R., while temporarily seeking a degree of accommodation with the West, is not only strengthening its position in countries like Syria and Iraq, but is seeking also to expand its influence into areas where it has traditionally been nominal or totally nonexistent, including the

Persian Gulf and parts of North Africa (Tunisia, Morocco). Some argue that the Kremlin, having been rebuffed by the Egyptians, is now casting an eager glance at the Gulf and beyond, at the Indian Ocean. The presence there of a Soviet naval squadron is usually cited as a “proof” of Moscow's determination to spread its influence in that part of the world. Others fear that a Soviet naval and political presence will one day be used to interfere with or entirely block the flow of Arab and Iranian oil to the industrial centers of the West.

In brief, this type of approach to the problem of Soviet intentions in the Middle East regards the Russians as overly ambitious and implies that, if unchecked, they will eventually acquire a position of such strength as to affect seriously vital interests of the West and of the developing nations.

Apprehensions of an entirely different nature are expressed in another quarter. Probably the most serious misgivings (from Moscow's viewpoint) about Soviet policy in the Middle East have emanated from Cairo which, since 1955 (the initial date of Russia's active involvement in the Arab East) has been the pillar of the Kremlin's “security system” in the region. The most significant manifestation of the discontent felt by Moscow's clients in the area has been Egyptian President Anwar Sadat's dramatic request for the withdrawal from Egypt of the bulk of Soviet military personnel, made in July, 1972. The thrust of Cairo's criticism, supported vigorously by such unlikely “allies” as Libya's President Muammar Qaddafi and King Faisal of Saudi Arabia, has been that the Russians had, in fact done too little in helping the Arabs “right the wrongs” of their latest (1967) encounter with Israel and in “resolving” the Palestine problem.

To add to an already confusing picture, the Chinese Communist leaders, ever ready to “expose the machinations” of their fellow-Marxist adversaries, have periodically blasted Moscow both for “great power imperialism” and for its unwillingness to take a strong

stand in defense of its Arab clients. What is one to make of this maze of conflicting charges?

It must be noted at the outset that, while overly sweeping and therefore basically inaccurate, all these allegations contain kernels of truth and should not be dismissed out of hand. More precisely, the U.S.S.R. has long been, and continues to be, interested in the Middle East. The nature of Soviet interests and the degree of intensity with which they have been pursued, however, have fluctuated in the different stages of the post-1945 period, depending on such imponderables as the quality of the Kremlin leaders and their perceptions of Soviet interests and of the threats to Moscow's security. Still, there are real Soviet interests in the area; in its efforts to secure and protect them, the U.S.S.R. has taken steps which have been interpreted by both the West and its Middle Eastern allies as threatening and therefore objectionable.

Nevertheless, in contrast to Western perceptions of Moscow's moves, Soviet policy in the Middle East has often been tentative, giving rise to Arab and Chinese charges of timidity. Hence, Peking's argument that Soviet policy has been both imperialist and pusillanimous is not so internally inconsistent as might appear at first glance: over the past 25 years, the U.S.S.R. has *not* in fact pursued a clearly thought-out, coherent policy. Rather, its approach, like that of other great powers, has been marked by fluctuations and occasional inconsistencies caused by its own domestic requirements and by the developments in the area itself and by other international political considerations.

1972 FIASCO

The present stage of Soviet Middle Eastern policy began with the Egyptian fiasco of July, 1972, which, in retrospect, appears to have constituted a major turning point in Moscow's relations with the Arab states. In brief, the ensuing events—above all the withdrawal of Soviet forces from Egypt on a much greater scale than originally demanded by Sadat—reinforce the view that the Kremlin, which had been made aware of Cairo's intention some 10 days prior to the evacuation announcement, decided to disengage itself from many of the burdensome commitments which the Russians had assumed in the wake of the June, 1967, war between the Arabs and Israel.

This important decision was conditioned, in part, by the realities of the post-1967 Middle Eastern scene. For one thing, the U.S.S.R. soon realized that, short of an actual application of military power—a course too dangerous to contemplate because of Washington's commitment to Israel's security—it was in no position to enable the Arabs to achieve their objectives vis-à-vis Jerusalem. The resultant, growing Arab resentment no doubt strengthened the case of those in the Kremlin who argued that the benefits of the involve-

ment in the Middle East justified neither the cost of an extensive commitment nor the risk of a superpower confrontation. Moreover, and this is often overlooked in Western and Arab analyses of Soviet policy, Moscow's decision to disengage partially was, to a marked degree, dictated by considerations totally unrelated to the Middle East. Rather, the decision was a result of a basic reappraisal, on the part of the Soviet leaders, of the position which their country occupied in the world, of the problems (domestic and international) which it faced, and of their perception of how to deal with them.

In this connection, it is useful to recall that, by 1972, both superpowers realized that the military, political, economic, and ideological competition between them, announced by Premier Nikita Khrushchev during his 1959 visit to the United States, had become a meaningless and futile enterprise whose only beneficiaries were developing, neutralist states. Militarily, despite destructive power on a level unprecedented in human history, Washington and Moscow had succeeded only in checking each other. The United States found it impossible to use all the weapons in its arsenal in Vietnam; the Russians have been similarly inhibited in their confrontation with the Chinese. Neither superpower could be certain that the other would not retaliate directly if either initiated the use of nuclear weapons.

WEAKENED POSITIONS

Politically, the relative positions of both superpowers have been weakened substantially since Khrushchev's visit in 1959. The United States has undergone the agony of Vietnam and has seen its role as the undisputed leader of the Western alliance undermined by its Indochina involvement and by the relative increase of the political and economic strength of West Europe and Japan. The U.S.S.R. has had to face a major challenge in the emergence of Communist China as an implacable political and ideological adversary. Partly as a result of their diminished influence in their respective spheres, both Washington and Moscow have endeavored to compensate by establishing closer links with selected members of the opposing camp, while also improving relations with each other.

Economically, too, both superpowers have encountered serious internal difficulties further underlining the desirability of closer cooperation. The nature of the economic problems facing the United States, while outside the scope of this discussion, has been a factor. As for the Soviet Union, Khrushchev's (and before him Stalin's) dreams of economic self-sufficiency and of "catching and surpassing" America have long since been abandoned by the Soviet leadership. This is hardly surprising. For a number of diverse reasons ranging from bad weather to low pro-

ductivity and technological backwardness, over the last decade the U.S.S.R. has suffered some spectacular setbacks in all sectors of its economy.

Agriculture is the most obvious example, evidenced by the need for massive periodic purchases of grain from the United States. Industrial expansion has lagged behind anticipated levels of achievement to such an extent that, in terms of growth rates, the Soviet Union has been falling behind some of its East European satellites. The Russians are also years behind the United States in the production of some types of highly sophisticated equipment, such as computers. Moreover, the ever-expanding need for natural resources, particularly oil, and the relative remoteness of the areas in the Soviet Union where they are located—Siberia and the far north—require capital investment on a scale which the U.S.S.R. cannot now afford if it is to satisfy military demands on the national budget. Here, too, there is a pronounced need for foreign capital which can only be supplied by the industrial giants of the West who, reciprocally, are interested in Soviet raw materials. Thus, economic considerations provide their own powerful stimulus to political accommodations.

It is true that, in their public pronouncements, the Soviet leaders continue to pay lip-service to the Marxist concept of the irreconcilability of the long-range interests of the "socialist" and "capitalist" systems. However, it is difficult to avoid the conclusion that calls for ideological vigilance, accompanied by a campaign of ruthless suppression of internal dissidence, serve primarily a domestic, and not an international, function. More precisely—and this is a logical development—restraint and moderation abroad must be accompanied by harsh disciplinary measures at home lest ideological laxity undermine the very foundations on which the Communist system in Russia has rested for the past 56 years.

This brief account of the general framework in which United States-Soviet relations have been unfolding illustrates the proposition that the logic of events in the last 10 to 15 years has pushed the superpowers toward accommodation and closer cooperation. Barring some totally unanticipated developments, Washington and Moscow will probably continue to cooperate. But attitudes of mistrust, fostered by decades of open hostility, will not disappear overnight. Resolution of some of the major problems, above all the arms race, will require time, patience, and considerable effort on the part of both superpowers.

Consequently, the Kremlin leaders, rearranging their scale of priorities, have relegated the Middle East to a relatively low place. Available evidence tends to reinforce this conclusion. Since July, 1972, there has been a relative scaling down of Soviet involvement in the area. Soviet military aid to Egypt

and, to a degree, to Syria has decreased with the result that Damascus, until recently a major recipient of Soviet equipment, has found it necessary to seek assistance from other sources, including, of all places, North Vietnam. Cooperation with Iraq continues, but the basic political instability in Baghdad (as evidenced by a recent abortive attempt to overthrow the government) must be a recurrent cause for anxiety in the Kremlin. Relations with Turkey and Iran have improved to the point of outward cordiality in recent years, but it is no secret that both Ankara and Teheran are uneasy about Soviet intentions. As long as pro-Western regimes remain in power in these two countries, chances for Russian advancement (even if it were seriously contemplated in Moscow, and this does not appear to be the case) are relatively small. For the time being, this is also true of North Africa and of the Gulf, where the Dhofari rebels, despite Soviet and Chinese support, have not been able to make much headway.

Moreover, judging from the references to the Middle East in the official Soviet pronouncements resulting from Leonid Brezhnev's recent visit to the United States, the Kremlin is not about to undertake major new initiatives to help resolve the Arab-Israeli dispute. In a statement of June 27, the official news agency TASS countered growing Arab criticism of the Soviet position by reiterating Moscow's alleged determination to back the "victims of the Israeli aggression" until all the territory occupied in 1967 has been returned to its "rightful owners." Significantly, however, it was also noted that the Arab-Israeli problem must be resolved by "peaceful means." It is hardly surprising that the Arab and particularly the Egyptian reaction to this Soviet stand has been very negative.

It is interesting to speculate about why the U.S.S.R. has scaled down its support of the Arab cause. Because of its preoccupation with larger issues, Moscow is probably no longer particularly interested in perpetuating a state of tension in the Middle East and would like to see the Arab-Israeli dispute resolved to the satisfaction of its clients. At the same time, the Kremlin is aware that only Israel can satisfy the Arab demands and that only Washington is in a position to persuade Jerusalem to move from its current stand. For these reasons, it may be reasonably assumed that the subject of a possible Middle Eastern settlement was discussed by Secretary Brezhnev and President Nixon. If these propositions are accepted, it stands to reason that the Soviet leader's overtures were turned down—the TASS statement quoted above is probably

(Continued on page 180)

"Despite . . . uncertainties, it does not seem unduly optimistic to expect at least a moderate growth in American-Soviet trade during the next few years. A much greater trade expansion involving large United States capital investments in Soviet raw materials, however, would seem to depend primarily on whether the two governments continue to subscribe to the broad political perspectives of the Nixon and Brezhnev leaderships despite domestic opponents of such trade."

American-Soviet Trade in Perspective

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One could hardly find any other country which has such possibilities of developing its exports to the U.S.S.R. as the United States. And, on its part, the United States could become a large market for the sale of Soviet products. For this, of course, the necessary prerequisites must be created.¹

A. P. Rosengoltz, Commissar of Foreign Trade, 1933.

. . . Without trade no relations, no normal relations, between two countries are possible. . . . I will not now list all the specific spheres in which trade could develop. Probably in every area there is an interest and possibility, an increase in and a possibility for cooperation.²

L. I. Brezhnev, General Secretary, Communist Party of the Soviet Union, 1973.

FORTY YEARS AGO, when the United States and the Soviet Union established diplomatic relations, Soviet officials proclaimed the possibility of a great expansion of American-Soviet trade. In 1973, particularly during the June summit meeting, Soviet officials again projected broad vistas of mutual commerce. On the eve of the summit, Soviet General Secretary Leonid Brezhnev called for "large-scale trade worthy of the scale of our two great countries," and in Washington, Soviet Foreign Trade Minister Nikolai Patolichev exuberantly declared: "I am a devout supporter of more contacts, contacts, contacts, which would bring more contracts, contracts, contracts."³ While the 1933 hopes for greater trade were

disappointed in the decade that followed, it remains to be seen whether the 1973 expectations will be realized.

In the past, the chief obstacles to the development of American-Soviet trade were political differences between Washington and Moscow and the opposition of certain interest groups in the United States. The future development of trade, however, will depend largely on how successfully the two powers' executive leaderships will continue to bridge their political differences and how well they cope with opposition to trade in both the United States and the Soviet Union.

TRADE BEFORE WORLD WAR II

Before World War II, the United States basically imported minerals and animal products from the U.S.S.R. and exported machinery and equipment to the U.S.S.R.⁴ Normally, imports were one-fourth to one-third of the amount of exports. At their peak in 1937, United States imports from the Soviet Union were \$31 million; United States exports to the Soviet Union reached their highest levels in 1930 and 1931, respectively, at \$114 million and \$104 million. At the time of their greatest volume, United States exports to the Soviet Union represented only 2 per cent of total United States exports; yet Soviet imports from the United States formed a respectable 25 per cent of total Soviet imports.⁵

American industry made an important contribution to Soviet industrialization during the first five year plan, furnishing manufactured products and supplying technical assistance. Assistance came, for example, from the Ford Motor Company (Gorky Automobile Plant), Colonel Hugh L. Cooper (Dneprostroy dam), Dupont (nitric acid plant), McKee Engineer-

¹ *Soviet Union Review*, Vol. XI, No. 6 (June, 1933), p. 126.

² *The New York Times*, June 23, 1973, p. 9.

³ *Ibid.*, June 15, 1973, p. 2; *ibid.*, June 23, 1973, p. 9.

⁴ For trade data, see: U.S., Department of Commerce, Bureau of Foreign and Domestic Commerce, *Foreign Commerce and Navigation of the United States, 1918-1941*.

⁵ Calculated from data in Robert Paul Browder, *The Origins of Soviet-American Diplomacy* (Princeton, N.J.: Princeton University Press, 1953), pp. 223-224.

ing (Magnitogorsk steel plant), Freyn Engineering (Kuznetsk steel plant), and the Austin Company (Stalingrad Tractor Plant). During the depression, the Soviet Union was forced to reduce imports from the West and, in particular, from the United States, because of increasing export difficulties and a mounting credit burden. In 1933, American exports to Russia sank to \$8 million. It was understandable that American businessmen were especially hopeful that the establishment of diplomatic relations between the two countries in November, 1933, would lead to a significant revival of trade.

Along with granting political recognition to the U.S.S.R., the United States attempted to revitalize Soviet trade—removing all special restrictions that had been imposed during the depression on the importation of Soviet products, accepting for purchase gold shipped directly from the U.S.S.R., and capitalizing the Export Import Bank of the United States with \$11 million to provide credits for Soviet commerce. Yet political relations between the two governments soured when Washington and Moscow proved unable to settle the issues of debts and claims, which had been left over from the Bolshevik Revolution. As a consequence, the promised credits were held back: the bank remained in desuetude, the State Department acted to discourage private parties from granting long-term credits or loans to the U.S.S.R., and the Johnson Debt Default Act of 1934 made it illegal for private persons or institutions in the United States to extend loans to the Soviet Union (because it was held to be in default on obligations to the United States). Although United States exports to Russia subsequently rose, they never attained their former volume (they reached \$87 million in 1940).

Even if the United States had supplied the credits, it is doubtful that American-Soviet trade would have readily returned to 1930–1931 levels, in view of Stalin's aim of achieving maximum economic self-sufficiency for the U.S.S.R. Moreover, it is possible that both governments had deliberately encouraged exaggerated expectations of post-recognition trade in order to make recognition seem more desirable. Yet it is noteworthy that the political differences between the United States and the Soviet Union at this time concerned not only the issues of debts and claims, but also the problem of how to build world peace. Whereas President Franklin D. Roosevelt pursued a Wilsonian quest for greater respect and understanding

among all nations, General Secretary Joseph Stalin practiced a *realpolitik* that included attempting to forge a United States-Soviet diplomatic *entente* against Japan.

TRADE AFTER WORLD WAR II

Both the United States and the Soviet Union planned for expanded mutual trade after World War II. Initially fostering this trade (1945–1946), the United States granted the U.S.S.R. a \$222-million credit in 1945 to pay for undelivered lend-lease articles still in the United States after V-J day. However, as political differences between the two former allies deepened, the United States in particular shifted to a policy (1947–1956) of denying its high-technology products to the Soviet Union. Under the Export Control Act of 1948 and similar subsequent legislation, the United States withheld licenses for the exportation to the U.S.S.R. of goods that would enhance its military or economic potential. Through the Coordinating Committee (COCOM), the United States sought to persuade its NATO allies to enforce a similar embargo against Russia. In 1951, Congress passed legislation abrogating most-favored-nation treatment for Soviet products and prohibiting the importation from the U.S.S.R. of seven kinds of furs, and in 1954 Congress enacted laws banning the exportation to the U.S.S.R. of arms, munitions, implements of war, and related technology, and preventing the sale to the U.S.S.R. of agricultural commodities for local currency or long-term credit.

All these laws were still on the books in 1973. Soviet ships were prevented from using American ports during the height of the cold war by security regulations and because the International Longshoreman's Association (representing dockworkers on the East and Gulf Coasts) refused to service them. American businessmen shunned Soviet trade for fear of being regarded by the American public as unpatriotic. As a result of these trade restrictions, United States exports to the Soviet Union were drastically affected, falling from \$358 million in 1946 to \$0.1 million annually (on the average) from 1951 to 1955. On the other hand, United States imports from Russia dropped from \$101 million in 1946 to \$17 million annually from 1951 to 1955.⁶

With the easing of the cold war (1956–1970), the United States slightly modified its trade policy toward the Soviet Union. Both in 1956 and 1966, the United States reduced the number of commodities effectively embargoed to the U.S.S.R. by its licensing procedures. In addition, the United States sold to the Soviet Union large quantities of wheat in 1963–1964 on short-term credit (after a new interpretation of the Johnson Debt Default Act by the Attorney General). However, under pressure of a boycott by the International Longshoreman's Association, the

⁶ For postwar trade data, see: U.S. Department of Commerce, Bureau of the Census, *Summary of the Foreign Commerce of the United States*; U.S. Department of Commerce, World Trade Information Service, *Statistical Reports*; Paul Marer, *Soviet and East European Foreign Trade: 1946–1969; Statistical Compendium and Guide* (Bloomington, Ind.: Indiana University Press, 1972), p. 370.

President stipulated that 50 per cent of all United States grain sold to the Soviet Union had to be shipped in American vessels—which meant higher shipping rates and a curtailment of purchases. President Lyndon Johnson inaugurated regular passenger air service between New York and Moscow in 1966, but was stymied in his broader plan to dismantle trade restrictions.

The principal stumbling block proved to be congressional opposition which grew out of the Vietnam War. The Defense Department also opposed trade liberalization. Criticizing the proposed construction of the Kama River Truck Plant in the U.S.S.R., Defense Secretary Melvin Laird said:

Before giving away the technology to construct trucks in the Soviet Union, and establishing plants for them, there should be the indication on the part of the Soviet Union that they're not going to continue sending the trucks to North Vietnam by shiploads for use on the Ho Chi Minh trail.

In 1970, the Ford Motor Company withdrew its proposal for a part in the project.⁷

The partial relaxation of policy between 1956 and 1970 permitted a modest increase in trade (see table 1). By 1966–1970, United States imports reached \$54 million annually and United States exports totalled \$78 million annually. Like the pre-World War II period, United States imports were principally animal products and minerals (fur, chrome, diamonds, non-ferrous base metals, and platinum). Except for irregularly exported commodities like grain, United States exports also assumed essentially their prewar character—primarily machinery and equipment, although chemicals and crude materials also became important.

NEW DEPARTURES

In June, 1971, the United States signaled its desire to expand trade with the Soviet Union. This policy departure harmonized with several current objectives of the administration of Richard Nixon: to improve the domestic economy and the foreign balance of payments, to underline and spur progress in negotiations toward American withdrawal from Vietnam, and to complement discussions with the Soviet Union on political questions including strategic arms limitation. The Soviet Union, which in the past had criticized American trade restrictions, responded favorably to the American initiative. The Nixon administration subsequently took several unilateral measures to promote commerce, such as progressively relaxing the licensing of exports and creating an East-West Trade Bureau in the Commerce Department. Most of the

Table 1. United States Trade with the Soviet Union 1956–1972 (Millions of Dollars)

Year	U.S. Exports to the U.S.S.R.	U.S. Imports from the U.S.S.R.
1956–1960 (average)	11	22
1961–1965 (average)	56	25
1966–1970 (average)	78	54
1971	162	57
1972	547	95

Source: U.S. Department of Commerce

new steps, however, were linked to corresponding actions in the Soviet Union.

At the Moscow summit meeting in May, 1972, the two governments established a Joint United States-U.S.S.R. Commercial Commission to negotiate a trade agreement, to study long-term joint projects, and to monitor the progress of commercial relations. The commission met twice in 1972 and gave promise of becoming a useful forum for discussing common commercial interests and problems. In accordance with a protocol signed at the Washington summit meeting of June, 1973, the commission may in the future be supplemented by a United States-U.S.S.R. Chamber of Commerce representing American business and a counterpart organization in the Soviet Union.

In mid-1972, as the Soviet Union realized that it would suffer a major grain crop failure, it commenced discussions with the United States regarding purchases of American grain. In July, the two governments concluded an agreement providing \$750 million in credits from the Commodity Credit Corporation for U.S.S.R. grain purchases during the period from August 1, 1973, to July 31, 1975, of which \$200 million would be spent in the first year. In the following months, however, the Russians scored a financial coup by quietly buying approximately one-fourth of the American wheat crop at \$1.63 a bushel, whereas United States domestic wheat prices soared to more than \$3.00 by May, 1973. Total Soviet purchases during the first year of the credit agreement amounted to some 19 million tons of grains of all kinds valued at approximately \$1.1 billion. The International Longshoreman's Association cooperated with the Nixon administration in agreeing to load the grain although the 50 per cent rule on American shipping was not observed. One striking difference between the two countries might be pointed out: in the United States, certain aspects of the grain deal became an issue in the 1972 presidential campaign; in the Soviet Union, the fact of the grain purchases was not mentioned in the public press.⁸

THE OCTOBER 1972 ACCORDS

In October, 1972, the United States and the Soviet Union signed agreements in the fields of shipping,

⁷ *The New York Times*, May 15, 1970, p. 1.

⁸ *Ibid.*, September 29, 1972, p. 1; *ibid.*, July 15, 1973, sect. IV, p. 3.

lend-lease, financing, and commercial relations. How will these accords affect American-Soviet trade?⁹

1. *The Maritime Agreement.* This stipulated that 40 ports of each country would be open to United States-U.S.S.R. trade; the merchant shipping of each country would share equally in and carry at least one-third of such trade; United States vessels would pay reduced rates when unloading in the U.S.S.R.; and the Soviet Union would pay more than world charter rates, but less than ordinary United States rates, for American vessels. The International Longshoreman's Association endorsed the pact, and the agreement has been put into effect. Although it had the disadvantage from the United States standpoint of discriminating against other nations, the shipping accord had the advantage of assuring the United States of parity with the Soviet Union.

2. *The Lend-Lease Agreement.* This pact, in which the U.S.S.R. pledged to pay the United States a settlement of some \$722 million, was directly linked to two trade issues. The United States apparently insisted upon a lend-lease settlement as a precondition for the Soviet Union's receiving Export Import Bank credits and most-favored-nation (MFN) treatment; otherwise the U.S.S.R. would hardly have signed the agreement. The accord itself mentioned only the question of MFN; following installments of \$75 million, the U.S.S.R. need make no payments after July, 1975, until it receives MFN. A pessimist might project a trade scenario after July, 1975, wherein the United States will not have granted MFN, the Soviet Union will cease paying lend-lease installments, and the Eximbank will withhold further credits.

3. *The Agreement on Financing Procedures.* This accord stated that Soviet organizations would provide credits to American firms buying Soviet goods and

⁹ For the agreements, see: U.S. Department of Commerce, Domestic and International Business Administration, Bureau of East-West Trade, *U.S.-Soviet Commercial Agreements, 1972: Texts, Summaries, and Supporting Papers* (Washington, D.C.: January, 1973).

¹⁰ This agreement remains unpublished. See *Foreign Trade* (Moscow), 1973, no. 1, p. 19; Edward T. Wilson, et. al., "U.S.-Soviet Commercial Relations," *Soviet Economic Prospects for the Seventies: A Compendium of Papers Submitted to the Joint Economic Committee, Congress of the United States, June 28, 1973*, Joint Committee Print, 93d Congress, 1st Session (Washington, D.C.: U.S. Government Printing Office, 1973), p. 654.

¹¹ *The New York Times*, April 5, 1973, p. 67. Although technically the Eximbank may grant credits to facilitate United States imports from Russia, in fact it concentrates on "direct supplier credits," which may be granted to the Soviet Foreign Trade Bank in connection with exports of United States goods. A typical deal provides for 10 per cent down, 45 per cent credits from United States commercial banks (short- and medium-term obligations), and 45 per cent credits from the Eximbank (long-term maturities). American commercial banks may also apply to the Eximbank for credit guarantees—to insure their credits against Soviet default—but have not done so.

¹² Moreover, there is little experience under European Economic Community arbitration rules. See Donald B. Straus, remarks at East-West Trade Conference, Harvard Law School, February 24, 1973.

that the Eximbank would extend credits to the U.S.S.R. on terms no less favorable than those extended to other parties.¹⁰ While Soviet credits to American firms are not expected to be significant, Eximbank financing will be crucial. Under authority recently granted by Congress, in October, 1972, the President determined that the Eximbank might extend credits to the U.S.S.R. The Eximbank issued the first such credits in March, 1973, for \$104 million in United States industrial equipment and machinery.¹¹

Several obstacles nevertheless remained in the way of adequate financing. For example, although the Johnson Debt Default Act permits normal suppliers' credits to the U.S.S.R., it prohibits private persons or institutions from granting loans or long-term credits. Moreover, it creates uncertainties concerning medium-term credits. The United States would be wise to repeal or amend the Johnson Act, since it is highly improbable that the U.S.S.R. will assume the World War I debts of the Russian Provisional Government. Another difficulty arises because the Eximbank can provide neither the magnitude nor the duration of financing desired by the U.S.S.R. Even with additional authorization from Congress, it is still questionable whether the Eximbank would be willing to supply such credits if the Soviet Union adheres to the practices of preventing American inspection of project sites and preserving secrecy concerning the amount of its holdings of gold and foreign exchange.

4. *The Trade Agreement.* This protocol will last three years from the time of its entry into force, which technically will occur when the parties exchange notes of acceptance and essentially will depend on whether the United States Congress grants MFN to the Soviet Union. The document took up four principal issues. First, it sought to protect the United States against Soviet dumping (ordinarily it is difficult to prove whether centrally planned economies are dumping goods abroad below costs). The Soviet Union pledged to accept quantitative restrictions on the exportation of products which the United States advises "cause, threaten or contribute to the disruption of its domestic market." This provision appears to be adequate.

Second, the agreement attempted to enable United States firms to avoid writing contracts with provisions for arbitration in Moscow by stating that they may specify arbitration in a third country under the rules of the Economic Commission for Europe. It is doubtful, however, that this article will accomplish its objective, since Soviet foreign trade organizations (FTO's)—which have monopoly bargaining power vis-à-vis American companies—will continue to press for arbitration in Moscow.¹²

Third, the trade pact endeavored to facilitate commerce through an expansion and improvement of gov-

ernmental and commercial representation. The Soviet Union obtained or will obtain a Temporary Kama River Purchasing Commission in New York, a larger Commercial Counselor's Office in Washington, and a Trade Representation (for FTO's) in Washington. The United States received or will receive in Moscow a pavilion in a planned Soviet trade and exposition center, a Commercial Office (probably to be staffed by the State and Commerce Departments), and a trade center with office space and hotel-apartment accommodations. Implementation of these provisions has moved forward: the Kama River Purchasing Commission was installed in New York and by June, 1973, 10 American industrial and financial firms had won permission to establish offices in Moscow (previously the only American companies with permanent representatives in Moscow were American Express and Pan American). The U.S.S.R. Trade Representation and the United States Commercial Office were scheduled to open by October, 1973.¹³ As a result of these agreements, American businessmen will probably find life in Moscow easier. In their business dealings, however, they will continue to be vexed by a lack of direct access to Soviet suppliers and consumers (they must go through the Foreign Trade Ministry and its 50-odd FTO's) and by the absence of secure communication with the home office (except through the United States Embassy).

Fourth, the commercial agreement granted the Soviet Union broad MFN treatment—including the removal of United States prohibitions on the importation of seven kinds of fur and the application of the lowest United States tariffs to Soviet products. This provision is most welcome, for the United States had extended MFN under special bilateral agreements from 1935 to 1951 and has been the only major industrial power withholding it. As a homely illustration of MFN's significance, at the time of the signing of the agreement Secretary of Commerce Peter Peter-

¹³ United States-U.S.S.R. protocols, June 22, 1973, in *The New York Times*, June 23, 1973, p. 9.

¹⁴ MFN is expected to cause no significant rise in imports from the U.S.S.R., given the current structure of these imports. See Anton F. Malish, Jr., *United States-East European Trade Considerations Involved in Granting Most-Favored-Nation Treatment to Nations of Eastern Europe* (Washington, D.C.: United States Tariff Commission, 1972).

¹⁵ Quoted in Samuel Pisar, *Coexistence and Commerce: Guidelines for Transactions Between East and West* (New York: McGraw-Hill Book Company, 1970), pp. 33-34.

¹⁶ "Appeal of Scientists A. D. Sakharov, V. F. Turchin, and R. A. Medvedev to Soviet Party and Government Leaders," March 19, 1970, *Survey*, summer, 1970, pp. 160-170.

¹⁷ John P. Hardt and George D. Holliday, *U.S.-Soviet Commercial Relations: The Interplay of Economics, Technology Transfer, and Diplomacy*, prepared for the Subcommittee on National Security Policy and Scientific Developments of the Committee on Foreign Affairs, U.S. House of Representatives, June 10, 1973, Committee Print (Washington, D.C.: U.S. Government Printing Office, 1973), p. 31.

¹⁸ Nixon-Brezhnev communiqué, June 25, 1973, in *The New York Times*, June 26, 1973, p. 19.

son mentioned that the tariff on Russian vodka will fall from \$5 to \$1.25 a gallon. Although MFN's macro-economic effect will be small (at least in the near future), its political importance to the Soviet Union is difficult to exaggerate.¹⁴ The U.S.S.R. regards MFN as a symbol of good will and friendship, and a continued American refusal to grant MFN could have serious consequences for trade. Meanwhile, the MFN provision of the agreement—and technically the whole agreement—is suspended until the President obtains appropriate legislation from Congress.

The recent growth in United States-Soviet trade has stemmed partly from Soviet economic priorities. Soviet officials have become increasingly aware of the advantages of trade with the West. Soviet Premier Aleksei Kosygin told the twenty-third party congress in 1965 that "it is becoming more and more evident that the scientific and technical revolution under way in the modern world calls for freer international contacts and creates conditions for broad economic exchanges between socialist and capitalist countries."¹⁵ Although it purchases Western goods like wheat to remedy temporary shortages, the U.S.S.R. primarily seeks Western products to help it overcome what three eminent Soviet scientists have described as an "essential and ever-growing gap between our country and the West extending through the entire spectrum of scientific-technological activity."¹⁶ In this light the Soviet Union may wish to borrow from American technological leadership in such fields as large-scale petroleum and natural gas production and transmission, computer-assisted management control systems, mass-production machinery output, agribusiness, and tourist systems.¹⁷

Though huge grain deals on the order of 1972 were unlikely to recur, American-Soviet trade seemed destined to grow. Total trade turnover reached \$642 million in 1972 and the two governments endorsed a trade goal of \$2 billion to \$3 billion during the period 1974-1976.¹⁸ This target evidently assumed neither large American investments in the U.S.S.R. nor essential changes in the commodity structure of trade. Thus the United States would receive Soviet raw materials in exchange for American technology, industrial products, and feed grains. In the short run, American credits would help to finance an unfavor-

(Continued on page 181)

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"When the mantle of leadership passes, is it not possible that a younger leadership will respond to the pressures generated by developing Soviet society and move toward more liberal politics...? Such a prospect is most unlikely."

Soviet Internal Politics

By R. JUDSON MITCHELL

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THE SOVIET UNION's post-Khrushchev leadership was compelled during the 1960's to concentrate on problems of foreign policy and difficulties in the integration of the Socialist commonwealth. Recent improvement in the Soviet international position has enabled the leadership to devote more attention to domestic problems. That the Soviet position in external affairs is perceived as satisfactory is rather clearly indicated by the military budget. Soviet military expenditures have remained constant since 1969 and have declined as a percentage of the national budget or national income; scheduled military expenditures for 1973 amount to less than 10 per cent of the budgeted total.¹

This consistency in military spending means that there is not yet any significant reallocation of resources from the military-industrial complex to the consumer sector; indeed, the proportion of investment going to consumer-oriented industry is planned to be lower in 1973 than in 1972.² Moreover, the absence of increased allocations for the military has not slowed the continuing buildup of the Soviet navy and air force. Nevertheless, the stabilization of the military budget indicates a general political climate conducive to emphasis upon domestic affairs.

Three problem areas have been the principal domestic concerns of the leadership in recent years: dissent related to questions of civil liberties; frictions between the central authorities and non-Russian nationalities, and the economy. Political developments since the twenty-fourth party congress in 1971 point toward increasing support among the top elite in the most influential structures of Soviet society for General Secretary Leonid Brezhnev and his followers in

the Politburo. Moreover, those developments indicate an even more pronounced central role for the party in Soviet society, continuing trends initiated by the post-Stalin leadership in 1953, and a remarkable increase in Brezhnev's personal power within the party organization. Leadership changes since 1970 have consolidated Brezhnev's organizational control to such an extent that his role in the political system now appears equal to that of Nikita Khrushchev in 1958, when Khrushchev was at the peak of his power.

CHANGES IN LEADERSHIP

The Central Committee plenum of April, 1973, climaxed a two-year struggle by Brezhnev against two of his major Politburo opponents. Gennadi Voronov and Pyotr Shelest were dropped from the Politburo, a move that had long been expected, and Yuri Andropov, Marshal Andrei Grechko, and Andrei Gromyko were named full members of the Politburo.

Voronov and Shelest are known to have opposed Brezhnev's policy of rapprochement with the United States; they also reportedly differed with the General Secretary on domestic policies. Voronov had opposed Brezhnev on matters of collective farm organization; Shelest appears to have been regarded by Brezhnev as unduly sympathetic to Ukrainian nationalism.³ In view of the major role formerly played by Shelest in party affairs, the downfall of the long-time party boss of the Ukraine represents a signal triumph for Brezhnev. However, the comparatively slow process involved in the ousters of Voronov and Shelest probably reflects the same sort of tenacious opposition from the right in top party circles that Khrushchev faced between 1955 and 1958. Voronov was removed from his position as Premier of the Russian Republic in July, 1971, but since that time had served as head of the People's Control Committee. Upon Shelest's dismissal as First Secretary of the Ukrainian party organization in May, 1972, he had been named as a Vice-Premier of the U.S.S.R. Now both men have been "retired on pension," without any official posts.

¹ Radio Free Europe Research: Communist Area, December 19, 1972, p. 7.

² See report by Gosplan chairman N. K. Baibokov, *Pravda*, December 19, 1972, pp. 2-3.

³ See report by V. V. Scherbitsky at the April 17 plenary session of the Ukraine Communist Party Central Committee, *Pravda Ukrainskay*, April 20, 1973, pp. 1-3 (reprinted in *Current Digest of the Soviet Press*, May 16, 1973, pp. 1-4).

The appointments to the Politburo were somewhat surprising because the three new members are leaders of political structures not usually represented at the highest level of party organization: the army, the Ministry of Foreign Affairs, and the police. Professional soldiers have been in the past markedly unrepresented in the Politburo, with Marshal Georgi Zhukov in 1957-1958 the notable exception; few professional diplomats have even attained membership in the Central Committee. Prior to Andropov's appointment, no active police official had held full Politburo membership since Lavrenti Beria in 1953. The rise of Defense Minister Grechko and KGB (Committee of State Security) Chief Andropov to full Politburo membership is a further indication of the increasing functional role of coercive agencies in the system (reported in this journal last October).⁴ However, the coercive agencies appear to pose no real threat to party domination of the society, and this is particularly true of the military forces; certainly Brezhnev is not today dependent upon Grechko to the extent that Khrushchev was reliant upon Zhukov in the 1957 struggle against the "anti-party group." The appointment of the secret police chief must have aroused some uneasiness in certain leadership quarters, since it evoked memories of Beria. Andropov had served his apprenticeship as a candidate member and was clearly in line for full membership; no doubt Grechko's appointment was dictated in part by the need to balance and neutralize Andropov's power and so relieve any apprehensions within the party concerning a resurgence of the secret police apparatus.

The Ministry of Foreign Affairs has never been a power center in the political system, and Gromyko has no organizational backing in the party similar to support for Foreign Minister Vyacheslav Molotov between 1953 and 1957. Gromyko's appointment is clearly related to the decisive importance attached to the new rapprochement with the United States. Notably, Grechko and Gromyko moved directly to full Politburo membership from the ranks of the Central Committee without serving as candidate members; these unusual promotions apparently reflect both Brezhnev's control of the process and the alignment of the new appointees with Brezhnev's policy positions. All three new full members have consistently supported Brezhnev's policies, and this is probably the most important reason for their inclusion in the party's highest policy-making body. Andropov, in fact, has long had the reputation of being a Brezhnev protégé; in 1967 he was Brezhnev's personal choice to take over the KGB from V. Y. Semitchastny, a close associate of A. N. Shelepin, one of the General Secretary's major opponents in the party. In view of the

past relationships between Brezhnev and Grechko and Andropov, the new appointments serve clearly to warn the General Secretary's remaining critics among Soviet political elites that the coercive agencies firmly support current policies on dissent, nationalities, and economic questions, and the new departure in foreign policy.

Recent appointments of candidate members to the Politburo are also indicative of Brezhnev's growing power. Last December, V. P. Mzhvanadze, former party chief in Georgia, was replaced as a candidate member by V. I. Dolgikh, an economic specialist and a Brezhnev protégé. In April, 1973, at the Central Committee plenum, Boris N. Ponomarev, Party Secretary for foreign policy and non-ruling parties, and Grigory Romanov, head of the Leningrad party organization, were named as candidate members. Ponomarev has been closely identified with Brezhnev's bloc and world policies. Romanov has not been clearly identified with Brezhnev's camp in the past but is known to be a strong supporter of the General Secretary's hard line on political dissent.

Among the sixteen full members of the current Politburo, five are protégés or close associates of the General Secretary: V. V. Grishin, D. A. Kunaev, V. V. Scherbitsky, F. D. Kulakov, and Andropov. Andrei Kirilenko also appears to be a consistent Brezhnev supporter. The additions of Grechko and Gromyko mean that a majority of the Politburo is now composed of apparently committed Brezhnev men. Another member, A. Y. Pelshe, is 74 and rather inactive. Among the relatively independent members of the Politburo, Dmitry Polyansky has been associated with some of Brezhnev's policy initiatives, particularly in the agricultural sector, but has opposed other policies, notably the intervention in Czechoslovakia. Polyansky's appointment as Minister of Agriculture last winter was viewed by many Western observers as a move to increase his political vulnerability and weaken his power in the party.

Premier Aleksei Kosygin and President Nikolai Podgorny were widely regarded as late as the spring of 1971 as sharers of collective leadership with Brezhnev. Since that time both men, who reportedly have taken more liberal positions than Brezhnev on a number of issues, have receded into the background and no longer seem capable of mounting major challenges to Brezhnev's dominant position. Mikhail Suslov apparently still carries great weight in party councils, but at 71 he certainly cannot be considered a potential candidate for party leadership. With the removal of Voronov and Shelest, Brezhnev's old foe, A. N. Shelepin, is more isolated than ever and no longer has a power base in the party. However, the fact that Shelepin remains in the Politburo indicates that there remain some limitations upon Brezhnev's control of political processes at the top of the system.

⁴ R. Judson Mitchell, "Party and Society in the Soviet Union," *Current History*, October 1972, pp. 170-74, 186.

Shelepin's position nevertheless must now be regarded as rather precarious and, given the advanced ages of some Politburo members, further changes in Politburo membership in the near future could serve to weaken any remaining limitations upon Brezhnev. In any case, the present composition of the Politburo indicates a downgrading of collective leadership and a tendency toward one-man rule.

Brezhnev's ascendancy is perhaps more clearly reflected in party structures other than the Politburo, in those echelons of the party where his present power position in the Politburo is based. Given the fact that all recent changes in Politburo membership have been initiated by Brezhnev, his domination of the Central Committee is apparent. Brezhnev's man Grishin runs the Moscow party organization. His protégé Scherbitsky replaced Shelest as party leader in the Ukraine in May, 1972, and has moved forcefully to carry out Brezhnev's policies in that area, apparently greatly reducing the degree of independence enjoyed by the Ukrainian party during the heyday of Shelest's rule. Brezhnev's close ally Kunaev appears fully in charge of the important Kazakhstan party organization and evidently has made that area, formerly a trouble spot for Brezhnev, comparatively safe for the General Secretary. Following the dismissal of Mzhvanadze as First Secretary of the Georgian party organization in September, 1972, a thoroughgoing purge was carried out;⁵ the resulting disarray in the notoriously ineffective Georgian party leaves no possible threat to Brezhnev from that quarter.

While Mikhail Suslov remains a member of the party Secretariat, the key posts related to the functioning of the party bureaucracy at the lower levels are apparently substantially controlled by Brezhnev. This is particularly important in view of the exchange of party cards that is currently being conducted. This exchange, approved by the twenty-fourth party congress, began early this year and will be completed in 1974. While the current purge of party ranks is no doubt largely inspired by the need to weed out ineffective party members, as claimed by the leadership, the resulting change in the composition of the party should serve further to solidify Brezhnev's base of support at the lowest organizational levels. Additionally, Brezhnev appears to have made deep inroads into the governmental bureaucracy, the most notable example perhaps being the appointment of his protégé, Mikhail Solomentsev, as Premier of the Russian Republic in July, 1971, replacing the General Secretary's opponent, Voronov.

Brezhnev's increasingly dominant role has been reflected over the past year in coverage in Soviet newspapers and television; the building up of Brezhnev by

the media reached a crescendo at the time of his Washington trip in June, 1973.

These recent political developments demonstrate once again that government and other structures can not compete effectively against the party in any long-range struggle for control of the Soviet system. Brezhnev has followed a course remarkably similar to that of Khrushchev in the amassing of organizational power within the party. Since the party organizational power created by Khrushchev ultimately helped to bring him down, the question arises: Could not the same fate befall Brezhnev? Such an outcome appears somewhat unlikely at present for two reasons. First, Brezhnev has not dissipated his energies by assuming leadership of the government (although he reportedly tried to do so in 1970), as did Khrushchev, and thus has not neglected the securing of his power base, as Khrushchev obviously did during the latter part of his tenure. Second, Khrushchev's dismissal was due in large measure to the failure of high-risk policy initiatives, some of which adversely affected the interests of middle-rank party cadres. Brezhnev has played an extremely cautious hand in policy matters and has deftly avoided alienating any major section of the party *apparatchiki*. However, the developing alignment with the United States is a high-risk initiative potentially comparable to those of Khrushchev. The alternatives to this new departure in foreign policy probably appeared riskier than the strategy chosen by Brezhnev; however, a major failure in this or in other policies related to the current major problems of Soviet society could rapidly erode the political power base so carefully constructed by Brezhnev during the last dozen years.

DISSENT AND NATIONALITIES PROBLEMS

Dissent among intellectuals continues to trouble the Kremlin leadership. Major evidences of protest during the past year include the publication in the West of *Ten Years after One Day in the Life of Ivan Denisovich*, a biography of Alexander Solzhenitsyn by Zhores Medvedev, who was given permission last winter to live in London for a year and may not be allowed to return home; an appeal by the Committee for Human Rights headed by Andrei Sakharov for the release of political prisoners; and the continuing flow of protest through the underground press (*samizdat*) notably the anonymous *Message from Moscow*, an eyewitness account of some of the more blatant abuses associated with the regime's turn toward "neo-Stalinism" in the late 1960's.

Meanwhile, discontent among non-Russian nationalities has been increasing in intensity; in some of the republics, movements protesting national oppression have become linked with the general civil liberties movement. In addition to the spectacular riots in Lithuania in May, 1972, overt opposition to the

⁵ *Zarya Vostoka*, February 21, p. 1; February 22, p. 1; February 28, pp. 1-3.

regime's nationalities policies has been particularly marked in the Ukraine, Georgia, Azerbaijan, and Kirghizia. Although the special education tax on emigrating Soviet Jews was suspended last spring, tension between the regime and Soviet Jews continues and has become an international issue, adversely affecting the rapprochement with the United States.

The leadership's response to these rising waves of dissent has been a steadily escalating campaign of repression, directed against the general civil liberties movement and the particular manifestations of non-Russian nationalism. The drive against dissent has been most pronounced in the Ukraine. In 1972, over 100 Ukrainian intellectuals were arrested and charged with "anti-Soviet agitation and propaganda." Harsh sentences have been handed out to the most prominent of the dissenters. Vyacheslav Chornovil, author of *The Chornovil Papers*, an account of the illegal trials of dissenters in the Ukraine published in the United States in 1968, was sentenced to seven years at hard labor and five years of exile in February, 1973. The literary critics Ivan Dzhuba and Ivan Svitlichny were sentenced to five- and seven-years imprisonment, respectively, in March, 1973; Dzhuba's labor term is to be followed by five years in exile.⁶ The severe public condemnation of Pyotr Shelest, immediately prior to his dismissal from the Politburo, for encouragement of nationalist "deviation, arrogance, and narrow-mindedness"⁷ in the Ukraine further indicates that Brezhnev and Scherbitsky are committed to a relentless campaign of repression against the Ukrainian intelligentsia.

The drive to crush the Democratic Movement, the loosely knit national organization of civil libertarians, has continued unabated since the June, 1972, arrest of the historian Pyotr Yakir, one of the more outspoken of the dissenters. Yakir is said to have broken under police duress last winter and to have recanted many of his liberal views. The immediate target of the drive against the Democratic Movement is suppression of the group's *samizdat* newspaper, the *Chron-*

icle of Current Events, which has provided detailed accounts of the arrests and trials of Soviet dissenters. In December, 1972, one of the movement's leaders, the physicist Valery Chalidze, was allowed to travel to the United States for a lecture tour. Chalidze's revelations in the American press concerning the Soviet crackdown on dissidents created a minor sensation, and he was shortly informed that he had been stripped of his citizenship and could not return home.

In January, 1973, Leonid Plyushch, a member of Sakharov's Committee for Human Rights and a link between the Democratic Movement and the Movement for Ukrainian National Rights, was remanded to indefinite detention in a psychiatric ward. This mode of punishment has been applied in recent years to a number of prominent dissenters, including former Major General Pyotr Grigorenko, a figure whose stature among civil libertarians is almost equal to that of Sakharov. Grigorenko has been ill for some time, and concern has been expressed for his survival as well as that of other ailing victims of the secret police. The poet Yuri Galanskov, imprisoned in 1967 for publication in the *samizdat*, died on a prison operating table in November, 1972, after reportedly being denied medical treatment for a condition of bleeding ulcers.

Meanwhile, the ostracizing of the Soviet Union's most famous dissident, Alexander Solzhenitsyn, continues. Solzhenitsyn was expelled from the Soviet Writers Union in 1969, and since that time he has been subject to official harassment and condemnation by the Soviet press. The latest official move against him has been to deny him the permit that would enable him to live in Moscow with his wife. Western observers view the Soviet Union's joining of the International Copyright Convention in 1973 as motivated by the possibilities it presents for blocking foreign publication by Solzhenitsyn and other authors who cannot obtain official sanction for publication in the Soviet Union.⁸ Zhores Medvedev reportedly rushed publication of his biography of Solzhenitsyn in Britain in order to beat the deadline of May 27, the date of formal Soviet adherence to the convention.

The leadership's current problems with political dissent seem to be partially an unavoidable consequence of system transformation. Subordinate nationalities typically are oriented toward traditional culture and the regime's modernization goals are necessarily inimical to the survival of previous society.⁹ The modernization process yields a growing functional complexity of society; functional differentiation tends to promote bifurcation of interests and the development of diffuse functional power.¹⁰ This functional change is directly opposed to the dominant political elite's control requirements. The problem is potentially complicated by the new "opening to the West."¹¹ Not only is there the threat of "contamina-

⁶ Radio Free Europe Research: Communist Area, March 30, 1973, pp. 1-2; April 25, 1973, pp. 1-5.

⁷ See report by V. V. Scherbitsky at the April 20 plenary session of the Ukraine Communist Party Central Committee, *Pravda Ukrayiny*, April 20, 1973, p. 3; *Current Digest of the Soviet Press*, May 16, 1973, p. 4.

⁸ Hedrick Smith, "Soviet under Brezhnev Powerful yet Insecure," *The New York Times*, June 17, 1973, p. 26.

⁹ See John Hanselman, "Leadership and Nationality: A Comparison of Uzbekistan and Kirghizia," in Edward Allworth (ed.), *The Nationality Question in Soviet Central Asia* (New York: Praeger, 1973), pp. 100-109.

¹⁰ See Walter D. Connor, "Dissent in a Complex Society: The Soviet Case," *Problems of Communism*, XXII, 2, March-April, 1973, pp. 40-52; Alexander Dallin and George W. Breslauer, "Political Terror in the Post-Mobilization Stage," in Chalmers Johnson (ed.), *Change in Communist Systems* (Stanford: Stanford University Press, 1970), pp. 192-214.

tion" of Soviet political culture by Western liberal influences; increased economic intercourse with the advanced capitalist countries requires a marked rise in the efficiency of the Soviet economy, which should be conducive to further internal functional change. Brezhnev has displayed keen awareness of these problems since the "Prague Spring" of 1968, and he seems confident that his "neo-Stalinist" methods can insulate Soviet society against the dangers posed by normalization of relations with the United States, the German Federal Republic, and other bourgeois states. The regime's control of the internal movement of persons, the prohibition on unofficial political structures, and the official monopoly of major communications media remain distinct advantages of the leadership in its attempt to secure the stabilization of this maturing totalitarian system.

THE ECONOMY AND THE POLITICAL SYSTEM

1972 was a disastrous year for Soviet agriculture, with production 15 per cent below planned levels; as a result, the Soviets had to spend almost \$2 billion in hard currency for grains from abroad, producing a serious deficit in the balance of payments. The overall growth rate of the economy was 4 per cent, the lowest since 1963 and less than half the growth rate of 1970. Labor productivity rose only 5.2 per cent against 6.1 per cent called for by the plan;¹¹ Soviet productivity has now fallen below that of Bulgaria. Output of new consumer goods continues to lag¹² and the quality of goods is such a problem that unsold inventories now constitute a major embarrassment to the regime. Although more than five billion square feet of housing have been built in urban areas since 1964, the average Soviet citizen, according to Western estimates, lives in about one-fourth the space occupied by the average American.¹³ The rich natural resources of Siberia would appear to offer the hope of alleviation of some of these problems; however, the extremely high cost of extraction in the East and North has precluded any increase in Siberia's share of total Soviet investment over the last 20 years.

The Soviet leadership has taken several dramatic steps to deal with these persistent economic problems. Agriculture Minister Vladimir Matskevich and his deputy Sergei Shevchenko were sacked in February,

1973; Matskevich was replaced by Politburo member Dmitri Polyansky. In April, a major reform in industrial organization was announced. Over the next three years, Soviet industrial plants are to be organized into a system of large government corporations combining related factories.¹⁴ Most important, Brezhnev has carried out a spectacular diplomatic offensive designed to obtain vast inputs of Western technology and investment for the rejuvenation of the sluggish Soviet economy. The agreement with Occidental Petroleum Corporation covering trade in fertilizer and Siberian natural gas over the next 25 years was a major step in this "new economic policy."¹⁵

There are, of course, uncertainties and dangers inherent in the new orientation on economic policy. Infusion of Western technology and investment is unlikely to cure the staggering imbalances in Soviet economic development without a simultaneous movement toward a free market orientation in internal trade. Increasing centralization of the economy is unlikely to be a panacea for managerial inefficiency, if we may judge by Soviet experience in the past. The influx of Western technology and economic influence also contains the potential of domestic control problems. In this connection, there are strong indications of opposition within the political system to American and Japanese participation in the economic development of Siberia.¹⁶ That the regime fears rising consumer discontent is indicated by the fact that the full extent of Soviet foreign grain purchases in 1972 has not been reported in the press. However, the consumer interest in Soviet society is not formally organized; a consumer journal has finally appeared in the Soviet Union but it is, of course, a government publication.

Brezhnev and his associates are certainly aware of the fact that the economic downturn of 1963 helped to crystallize elite discontents foreshadowing the downfall of Nikita Khrushchev and the accession to power by the present leadership. Further, they are surely cognizant of the central position of economics in Soviet internal power politics. This central position may be attributed to two crucial phenomena in Soviet political life. First, the primary function of the Soviet government is the operation of the economy; economic performance and allocation of re-

(Continued on page 183)

¹¹ Report of the Central Statistical Administration, *Pravda*, January 30, 1973, p. 1.

¹² See Ye Borodin, "Approved! But When Will It Reach the Counter?" *Izvestia*, April 3, 1973, p. 5.

¹³ Hedrick Smith, *op. cit.*, p. 26.

¹⁴ See Resolution of the CPSU Central Committee and the U.S.S.R. Council of Ministers, *Pravda*, April 3, 1973, pp. 1-2.

¹⁵ See Theodore Shabad, "Russians Seek Ways to Spur Their Economy," *The New York Times*, June 17, 1973, p. F5.

¹⁶ See V. Bogachev, "On the Question of Intensifying the Development of Siberia's Natural Resources," *Kommunist*, no. 3, February, 1973, pp. 89-100.

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"How long can the Soviets fall back on foreign technology and managerial support, especially if there are limits to how much the Soviet Union can pay? . . . As long as [the Soviet planners] are reluctant to make fundamental changes in their scale of priorities and their operations, they are unlikely to be very successful—no matter how much they buy from the West and Japan."

The Soviet Economy: New Era or the Old Error?

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BY ALL STANDARDS, it was a remarkable show. There was the First Secretariat of the Communist party, Leonid Brezhnev, clowning for reporters, taking a spin in a golf cart and his new Lincoln Continental. There was his even more striking wooing of American congressmen, businessmen and bankers with visions of exports, raw material imports and profits for everyone.

The contrast could not have been sharper. Scarcely 14 years ago, Brezhnev's predecessor, Nikita Sergeovich Khrushchev, appeared on a similar stage with almost the opposite script. Khrushchev came not to praise American industry, but to bury it. He dangled threats more than opportunities. By 1970 or, at the latest, 1980, the Soviet economy was to have overtaken and surpassed the American economy. Khrushchev's boasts were backed with substance. Soviet Sputniks circled the planet years before ours; Russian grain harvests had hit new highs, and Soviet industrial production broke new records each year. In contrast, the American economy in the late 1950's was stumbling its way through an embarrassing recession.

The situation in 1973 is reversed. The United States is trying to temper its hottest growth cycle in years. At the same time the Soviet economy is struggling with a sharp and unwanted drop in its industrial growth rate. Instead of looking ahead to the time when the Soviet economy will overtake and surpass the American economy, some Soviet economists have come to realize that they had better start looking behind to see when the Japanese will overtake and surpass the U.S.S.R. Even more embarrassing, Soviet

agriculture has been racked with a devastating grain failure. If Soviet grain supplies had not been supplemented with almost \$2 billion of grain imports (including over \$1 billion from the United States) there would probably have been famine in the U.S.S.R. Simultaneously, Soviet space accomplishments have been superseded by Soviet failures and American successes. The Russians are chagrined that American astronauts, not Soviet cosmonauts, were the first to land on the moon even though it was a Soviet spaceship which first reached the moon. Soviet space vehicles disintegrate, and Soviet cosmonauts die in space. The pattern is not much different closer to earth. Along with their space achievements, the Russians were particularly proud of that modern symbol of technological prowess, the SST. But after it crashed in France, the hopes and promise of the Soviet SST literally and figuratively disintegrated.

What has brought about such a comedown for the Soviet Union? Why is it that unlike Khrushchev, who came as a braggart and pounder, Brezhnev came almost as a supplicant, seeking loans, American technology, and even food? How do we explain the paradox that the world's second largest economic power can be tough but so inept, at least economically?

It is worthwhile recalling the more spectacular economic successes of the early Khrushchev era because these achievements are all too easily forgotten when discussing current Soviet economic problems. Throughout the 1950's, the Soviet economy grew at a very respectable pace. According to official Soviet statistics, the Soviet economy grew at an annual rate of 10.9 per cent from 1950 to 1958.¹ Calculations by American economists indicate that the rate was at least 6 per cent.² Even this lower rate is impressive when compared to a rate of about 3 per cent for the

¹ Abram Bergson, "Toward a New Economic Growth Model," *Problems of Communism*, March/April, 1973, p. 3.

² Peter P. Peterson, *U.S.-Soviet Commercial Relationships in a New Era* (Washington, D.C.: Department of Commerce, August, 1972), Annex A, p. 1.

United States, and indicates that the Soviet planning system seemed to work well. The State Planning Organization (Gosplan) assigned quantitative production targets for each Soviet enterprise. There were numerous shortages and shortcomings, but the factory manager met most of these targets. The main task of a planner was to increase the physical output of Soviet industry, and in this the planners seemed to succeed.

The production tasks were relatively straightforward. The main stress was placed on heavy industry. Industrial technology in heavy industry was relatively unsophisticated and was easily adopted by Soviet managers. In fact, in some areas of technology, particularly in ferrous metallurgy, the Russians actually appeared to be more sophisticated than their Western counterparts. What the Russians could not develop on their own, they could easily copy by reading scientific literature. As long as the Russians focused their industrial growth on the steel and standard machine-tool industries, domestically produced technology seemed more than adequate, and there seemed to be little need for large-scale imports of foreign equipment and technology.³

In large part, the Soviet planning system worked so well because Soviet planners had at their disposal abundant reserves of labor and capital. Murray Feshbach of the United States Department of Commerce estimated that labor force employment grew at an annual rate of 2 per cent between 1951 and 1958.⁴ At the same time, capital investment increased each year about 12 per cent. This made it possible for the Soviets to divert as much as 27 per cent of the GNP to investment in 1960. In comparison, American investment as a percentage of GNP was estimated to be only 17 per cent.⁵ The large influx of new labor and capital served to compensate for the fact that Soviet labor productivity in industry was about 41 per cent of productivity in the United States. Everything else being equal, the Soviet economy could maintain the growth rates of the 1950's only if labor and capital stocks continued to grow as they had in the past. But everything else was not equal. Productivity per worker and unit of capital fell. In addition, by the mid-1960's, the Soviet Union began to discover that its reserves of capital and labor were not limitless, and that new stocks could not be added as fast as before.

³ Earle C. Smith, *The Schwab Memorial Lecture*, American Iron and Steel Institute, May 25, 1960, p. 2.

⁴ Murray Feshbach, *Management Trends in the USSR: 1950 to 1980* (Washington, D.C.: Foreign Demographic Analysis Division, Bureau of the Census, U.S. Department of Commerce, May, 1971, mimeographed), p. 60.

⁵ Peterson, *op. cit.*, p. 32.

⁶ Bergson, *op. cit.*, p. 3; Peterson, *op. cit.*, p. 32; Feshbach, *op. cit.*, p. 60.

⁷ A. Struev, "Vzaimosviaz' torgovli i proizvodstva v interesakh pokupatelei," *Kommunist*, no. 4, March, 1973, p. 73.

Khrushchev's luck ran out shortly after his 1959 trip to the United States. Although the employed labor force grew at even faster annual rates from 1959 to 1965 than it had from 1951 to 1958, and investment as a percentage of GNP increased slightly to 29 per cent in 1965, the Soviet rate of growth fell.⁶ Soviet labor and capital productivity diminished, as did the "residual" which measures technological progress.

Soviet productivity and technological sophistication were never high (at least in non-military and space sectors), but what accounted for the drop in the 1960's? There is no single simple answer. It became increasingly clear, however, that the planning system which apparently worked so well in the 1930's and 1950's was no longer suited to the 1960's and 1970's. There were even some who began to question how well it had worked in the earlier days. Presumably, a good planning system not only makes possible a high rate of growth at a given time in history, but it also facilitates the transition to future modes of production and operation. Yet as of this writing, the Soviets have been unable to design a fundamentally new planning operation that works.

In praising the earlier operations of the Soviet planning system, there is a tendency to overlook its many serious shortcomings. Nonetheless, the Soviet economy was able to grow at a rapid rate. Thus, for a long time, it was not of overriding importance that the planning system often distorted the original aims of the plans. After a time, however, such distortions could no longer be ignored. For example, for many years it was enough that the output of something like enameled dishes increased from year to year. But because the target was spelled out in tons of production, the consumer eventually began to suffer, as manufacturers discovered shortcuts to plan fulfillment that were not necessarily synonymous with consumer demand. Thus, even though enamel dish output increased by 18,000 tons over a five-year period, the number of actual dishes produced dropped by 1,700,000:⁷ manufacturers found they could meet their target more quickly and with fewer operations by simply increasing the weight and size of each item. Thus the average weight of each piece of enamelware increased from 1.032 to 1.205 kilograms over the same five-year period. The means had become the ends and the original intent of the planners to provide *more* enamelware (not just more pounds of it) was all but forgotten.

Almost everyone agrees that the consumers have suffered most from such a system. The priority assigned to heavy industry made it inevitable that if there were any shortages, resources would be taken first from the consumer sector. In addition to the expected division of investment funds, the planning and incentive system tended to intensify that effect. For reasons that are not entirely clear, many of the ministries responsible

for the production of heavy industrial and military goods have also been allowed and occasionally encouraged to produce consumer goods. Apparently, it was decided that such a procedure would allow the heavy industrial enterprises to utilize some of the excess capacity which often existed. It also allowed for the use of some of the by-products and scrap from their production. Thus, in addition to their main products for heavy industry, the factories of the Ministry of the Electrical Equipment Industry produce almost one-third of the country's electrical appliances.

Unfortunately, this system has its shortcomings. Much of the consumer goods output of such factories is not counted when tabulating whether or not the factory has fulfilled its plan.⁸ Particularly troublesome is the refusal of the Soviet Central Statistical Administration to count in the production of appliance components. They fear this will lead to double counting. But whatever the rationalization, the effect is to discourage heavy industrial enterprises from producing the components which are so necessary in the assembly and manufacturing operations of other factories in the ministry of light industry.

It should be clear that however difficult it may be to fulfill quantitative targets, improving the quality of Soviet goods has proven to be even more elusive. At least quantitative targets can be spelled out. So far no one has devised a satisfactory or effective way to do that with quality. Furthermore, as in the case of enamelware, factory managers have long known that quantity can almost always be increased at the expense of quality.

The poor quality of so many Soviet products results in yet another paradox. On the one hand there are enormous shortages of goods; on the other, there are billions of rubles' worth of shoddy or unsuitable merchandise in Soviet warehouses. By early 1972, the inventory of such goods totalled 3.8 billion rubles (approximately \$5 billion).⁹ The accumulation of unwanted goods has been accompanied by a rapid increase in disposable savings.¹⁰ As of December, 1971, deposits in Soviet savings banks totalled 53.2 billion rubles, an increase of five-fold from 1960. In comparison, retail sales in the same period only doubled.

Under the circumstances, it is only reasonable to expect that the average Soviet worker would become less enthused with the existing incentive system. Yet as unsatisfied as the Soviet consumer may be with man-

ufactured consumer goods, he or she undoubtedly has been even more discontented with the shortcomings in agricultural production. In fairness to the Soviet planning system, it should be noted that much of the difficulty in 1963 and again in 1972 was due to freakish weather. Furthermore, the governments of Khrushchev and of Brezhnev diverted large sums to the agricultural sector. Yet the planning system bears the ultimate responsibility for not putting more resources into agriculture. Thus, the effect of the weather would have been less severe if better preparation had been provided. Reports persist that the peasants have neither the facilities nor the incentive for the proper handling of fertilizers.¹¹ Clearly, the shortfall in the 1972 harvest was a matter of deep concern for Soviet officials. As of this writing, Soviet citizens have still not been informed about how much grain had to be imported in 1972-1973.

The overall effect of such failures in the Soviet planning processes gives rise to the question: just how effective and centralized is the Soviet planning system? Presumably, a five-year plan forces both the planners and the factory managers to plan ahead for the long run. In practice, however, there is reason to question whether or not these hopes are being realized. Because past factory plans have been so demanding, almost all the efforts of management are devoted to day-to-day or at best quarter-to-quarter survival. No one has the time or the luxury to contemplate longer run needs or opportunities.¹² This also helps to explain why it is so difficult to move new methods and products from the laboratory to the factory floor.

The typical factory manager fears that any disruption of existing production procedures will risk underfulfillment of the current plan. This means he will not receive any bonus. Under the circumstances, it is natural that most factory managers will not bother with radically new products or methods. Both the motivation and the funding are usually missing. Enterprise directors are rarely assigned enough funds to permit experimentation on their own. They resist innovation even when the products and methods are assigned centrally.

Antipathy toward innovation became particularly serious in the 1960's and 1970's. As long as industrial growth focused on the steel industry, the Russian planning system managed to cope well. But the technological revolution in computers, chemicals and electronics necessitated speedy adaptation and rapid decision-making. The Soviet planning mechanism was too ponderous and clumsy. Instead of catching up with international technology, the Soviets saw themselves falling further and further behind. Moreover, changes overseas were introduced so rapidly that the Soviets found that copying Western and Japanese products was no longer as safe as it used to be. In an era of

⁸ *Izvestia*, April 3, 1973, p. 5; Struev, *op. cit.*, pp. 69-70.

⁹ Gertrude E. Schroeder, "Consumer Problems and Prospects," *Problems of Communism*, March-April, 1973, p. 12; "Sovershenstvovat' khoziaistvennye sviazi torgovli i promyshlennosti," *Planovoe Khoziaistvo*, October, 1972, p. 6.

¹⁰ Marshall I. Goldman, "The Reluctant Consumer and Economic Fluctuations in the Soviet Union," *The Journal of Political Economy*, August, 1965, p. 366.

¹¹ *Pravda*, April 17, 1973, p. 2.

¹² *Izvestia*, May 13, 1973, p. 3.

slower change, a copy could be made with confidence that by the time the process was put into operation in the U.S.S.R., it would not be too far behind the original. As technological change accelerated, it was almost certain that the copy would be obsolete by the time the Soviets had managed to duplicate the production stage. Clearly, Soviet industry needed up-to-date technology; it was necessary to find some way to spark a continuing process of innovation so that Soviet industry would not fall behind again.

Almost every Soviet newspaper carries an article criticizing some shortcoming in Soviet industry. After a time the reader begins to notice the repetitiveness of such attacks. Invariably, the accused official tries to justify his own performance by explaining that the acknowledged poor quality or inadequate quantity are not his fault. His supplier has not provided him with "the raw materials that are required" for either the needed components or machinery because, in turn, the third supplier has failed to live up to his commitments.¹³ And so the buck-passing continues. One would assume that the whole purpose of a centralized planning system was to find solutions for problems of this nature. From the ubiquity of the complaints, however, it is clear that failures are considerably more common than successes.

By the mid-1960's, many Soviet economists had concluded the existing planning system was not capable of meeting the needs of the new age of technology and mass consumption. Compounding the difficulties, the abundant reserves which had fueled past growth began to thin out. As long as the planners could plug in seemingly limitless supplies of workers, it was relatively easy to compensate for the planning shortcomings. But whereas average employment increased at a rate of 2.3 per cent from 1959 to 1965, the rate of increase dropped to 1.9 per cent in 1966-1970 and, according to Murray Feshbach, may fall as low as 1.2 per cent in the 1970's.

The shrinking of labor reserves can be offset by an increase in labor and/or capital productivity. However, there is no evidence of any noticeable reversal of past trends. If anything, there is evidence the factor productivity has fallen or at best has held constant.¹⁴ Another alternative is to increase the rate of capital investment. Unfortunately, substantial increases in capital investment are likely to come at the expense of consumption. As Abram Bergson points out, this is particularly likely to happen if the rate of capital investment is high when the overall growth rate is declining. A likely by-product is that productivity will

suffer even more as workers become resentful over their failure to benefit from whatever increases in production there may be, no matter how meager.

Such pressures become increasingly acute if too large a percentage of a country's investment is allocated to "non-productive" goals. The Soviet population, like all others, would undoubtedly be distressed if some forms of social investment were terminated. Some money must be spent on defense. But just as American citizens began to protest the billions of dollars that were being spent in Vietnam (wastefully in the views of many) so the Soviets have begun to fidget over the large sums spent by their military. Most estimates indicate that even without active participation in the Vietnam war, the Russians spend approximately the same percentage of GNP that we do on military expenditure. They may even spend more.¹⁵ To defense expenditures should be added Soviet spending on space, which is estimated to run at about the same absolute level as ours. Finally, the Soviets have continued their work on the supersonic transport plane. There is every reason to assume that Soviet expenses are no lower than the \$3 billion or so that the French and British have spent on the Concorde. This all results in a major diversion of resources from consumption and even from future industrial production. Considering that the Soviet GNP is not much more than one-half of that of the United States, it becomes immediately evident that the residual available to the Soviet consumer is perhaps among the lowest of the world's industrialized societies.

SOLUTIONS

If one were asked how Soviet planners can improve industrial productivity, the best and most appealing answer would be to increase the share of GNP allotted to consumers. The next suggestion would be reform of the planning and incentive system, followed by an upgrading of Soviet machinery and equipment. The Soviet government is taking all three steps, but with varying degrees of vigor.

While shrinking the size of the non-productive and government sectors would be the most effective step that could be taken, in many ways it might be the most destructive. The consequences of reducing the army and government sectors are particularly worrisome after what happened when similar changes were introduced in Czechoslovakia in 1968. For a time the U.S.S.R. feared that the whole Czech government and party structure, as the Soviets knew and liked them, were in danger of collapse. Thus there is a strong disinclination to move too far or too fast. Yet if nothing else, the Soviet government can take steps that would at least prevent military expenditures from rising at past rates. Some of the more extravagant aspects of the arms race could be halted. This is a partial ex-

¹³ *Pravda*, May 12, 1973, p. 3.

¹⁴ Bergson, *op. cit.*, p. 2; Peterson, *op. cit.*, p. 33-4.

¹⁵ United States Arms Control and Disarmament Agency, *World Military Expenditures 1971* (Washington, D.C.: US Government Printing Office), p. 26-27.

planation of the SALT agreement, the rapprochement with the United States and Germany, and the general willingness to avoid the very costly expenditures that arms development requires today. The Soviets, like ourselves, have concluded that the continuing effort to keep one step ahead of your rival is a never ending and increasingly expensive process. This has always been the case, but the expense has been particularly heavy as military technology becomes more and more sophisticated.

The Soviets have also considered various economic reforms. To some extent, successful economic reforms carry the same risks as reducing the role of the party and state. Indeed, the two steps, economic reform and reducing the centralized power of the government, are interrelated. Again the Soviets remember what happened in Czechoslovakia. Nonetheless, it has been clear that the traditional planning system must be altered.

In the mid-1960's, the significant Liberman Reforms (after Yevsei Liberman) seemed to indicate a major if not a radical step in the right direction. They provided for the abolition of an incentive system heretofore based on troublesome quantitative targets. In its place, a scheme utilizing profits, volume of sales, interest, rent and price flexibility was to be introduced. It was argued that if the enterprise manager had to worry about selling his goods rather than just fulfilling a production quota, he would concentrate more on quality. Upgrading the role of profits and permitting more frequent and meaningful price changes were expected to accomplish the same purpose. The decision to legitimize interest charges (contrary to traditional Marxist doctrine) was made to stimulate the more effective use of capital. It was hoped that the combined effect of such measures would provide for more self-motivation by the manager. The role of the central planning organizations' ministries was to be reduced and the role of the manager was to be increased. Liberman argued that the manager would be more productive if left to his own devices and to the self-regulation provided by economic control mechanisms such as profits, rational prices, interest and rent.

Whatever the expectations, operating practices have not really changed much. Political considerations account for much of the resistance to change. Many Soviet officials were fearful that an effective reform might lead to a breakdown in authority. They could not forget Czechoslovakia. There were also purely administrative obstacles that could not be overcome. For example, the ministries resisted the transfer of their power to the factory managers. At the same time, the consequences of a fundamental price reform were so complicated and far-reaching that Gosplan could never permit prices to reach a meaningful economic level. But so long as prices were meaningless,

the managers could not be unleashed and told to maximize their profits. The wrong kinds of goods would have been produced by the wrong kinds of people.

Given all its failings, it is not too surprising, at least in retrospect, that the reforms did not succeed. Factory managers still sought ways to beat the system. Their targets were conceived in terms of goods sold rather than quantity produced, but if they sold all they possibly could one year, they would be hard pressed to increase sales the following year. They quickly concluded that it was much easier to hold back sales somewhat one year so that they could increase sales the following year with only minimal effort. Similarly, in most Soviet factories, abolishing production targets and substituting sales and profit targets made no difference. In the sellers' market situation that continued to prevail throughout most of the economy, the managers had no trouble selling whatever they produced. The Liberman reforms, as mutilated as they came to be, were still better than the previous system, but their impact on quality and innovation was far below expectations.

Before long, another package of reforms would be proposed. Indeed, in April, 1973, the Soviet government announced that all enterprises could soon be merged into integrated associations or syndicates. Although considerably less far-reaching than the original Liberman proposals, the model for the reform seems to be the integrated or large-scale corporation in the United States. By a horizontal combination of several similar enterprises, it is hoped the new associations will be able to take advantage of economies of scale. Because the associations are to have their own funding, they should be able to increase the amount of staff personnel devoted to research, development, innovation and long-range planning. At the same time, the associations will presumably be closer to the individual enterprise and will identify more closely with it than the ministry in Moscow does at present.

It is unlikely that this latest reform will prove a cure-all for the Soviet economy. While there undoubtedly will be some benefit when a more function-related organization takes charge of enterprise operations, the new associations will constitute another layer of administrative authority and another organization strug-

(Continued on page 184)

Marshall I. Goldman, a contributing editor of *Current History*, is an Associate of the Russian Research Center at Harvard University. He is the author of *The Spoils of Progress: Environmental Pollution in the Soviet Union* (Cambridge, Mass.: MIT Press, 1972), *Soviet Economy: Myth and Reality* (Englewood Cliffs, N.J.: Prentice-Hall, 1968), *Soviet Foreign Aid* (New York: Praeger, 1965), and *Soviet Marketing* (New York: Free Press, 1963), among other books.

CURRENT DOCUMENTS

Soviet-American Agreements, June, 1973

During the Washington, D.C., summit meeting between President Richard Nixon and Soviet General Secretary Leonid Brezhnev in the week of June 18, 1973, several agreements, protocols, and a convention were signed. The texts of the agreements of scientific cooperation in peaceful uses of atomic energy, on the prevention of nuclear war, on cooperation in studies of the world's oceans, and on cooperation in transportation follow in full.¹

BASIC PRINCIPLES OF NEGOTIATIONS ON STRATEGIC ARMS LIMITATION

BASIC PRINCIPLES OF NEGOTIATIONS ON THE FURTHER LIMITATION OF STRATEGIC OFFENSIVE ARMS

The President of the United States of America, Richard Nixon and, the General Secretary of the Central Committee of the CPSU, L. I. Brezhnev,

Having thoroughly considered the question of the further limitation of strategic arms, and the progress already achieved in the current negotiations,

Reaffirming their conviction that the earliest adoption of further limitations of strategic arms would be a major contribution in reducing the danger of an outbreak of nuclear war and in strengthening international peace and security,

Have agreed as follows:

First. The two Sides will continue active negotiations in order to work out a permanent agreement on more complete measures on the limitation of strategic offensive arms, as well as their subsequent reduction, proceeding from the Basic Principles of Relations between the United States of America and the Union of Soviet Socialist Republics signed in Moscow on May 29, 1972, and from the Interim Agreement between the United States of America and the Union of Soviet Socialist Republics of May 26, 1972 on Certain Measures with Respect to the Limitation of Strategic Offensive Arms.

Over the course of the next year the two Sides will make serious efforts to work out the provisions of the permanent agreement on more complete measures on the limitation of strategic offensive arms with the objective of signing it in 1974.

Second. New agreements on the limitation of strategic offensive armaments will be based on the principles of the American-Soviet documents adopted in Moscow in May, 1972 and the agreements reached in Washington in June 1973; and in particular, both Sides will be guided by the recognition of each other's equal security interests and by the recognition that efforts to obtain unilateral advantage, directly or indirectly, would be inconsistent with the strengthening of peaceful relations between the United States of America and the Union of Soviet Socialist Republics.

Third. The limitations placed on strategic offensive weapons can apply both to their quantitative aspects as well as to their qualitative improvement.

Fourth. Limitations on strategic offensive arms must be subject to adequate verification by national technical means.

Fifth. The modernization and replacement of strategic offensive arms would be permitted under conditions which will be formulated in the agreements to be concluded.

Sixth. Pending the completion of a permanent agreement on more complete measures of strategic offensive arms limitation, both Sides are prepared to reach agreements on separate measures to supplement the existing Interim Agreement of May 26, 1972.

Seventh. Each Side will continue to take necessary organizational and technical measures for preventing accidental or unauthorized use of nuclear weapons under its control in accordance with the Agreement of September 30, 1971 between the United States of America and the Union of Soviet Socialist Republics.

Washington, June 21, 1973

For the United States of
America:

RICHARD NIXON
President of the United
States of America

For the Union of Soviet
Socialist Republics:

L. I. BREZHNEV
General Secretary of the
Central Committee,
CPSU

AGREEMENT ON SCIENTIFIC COOPERATION IN PEACEFUL USES OF ATOMIC ENERGY

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS ON SCIENTIFIC AND TECHNICAL COOPERATION IN THE FIELD OF PEACEFUL USES OF ATOMIC ENERGY

The United States of America and the Union of Soviet Socialist Republics;

Attaching great importance to the problem of satisfying the rapidly growing energy demands in both countries as well as in other countries of the world;

Desiring to combine the efforts of both countries toward the solution of this problem through the development of highly efficient energy sources;

Recognizing that solutions to this problem may be found in more rapid development of certain nuclear technologies already under study, such as controlled thermonuclear fusion and fast breeder reactors, as well as in additional basic research on the fundamental properties of matter;

Noting with satisfaction the successful results of previous cooperation between the Parties in the field of peaceful uses of atomic energy;

¹ The full texts of the convention and protocols can be found in *The Department of State Bulletin*, LXIX (July 23, 1973).

Wishing to establish a more stable and long-term basis for cooperation in this field for the benefit of both their peoples and of all mankind;

In accordance with and in further development of the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on Cooperation in the Fields of Science and Technology of May 24, 1972; the Memorandum on Cooperation in the Peaceful Uses of Atomic Energy of September 28, 1972 between the U.S. Atomic Energy Commission and the USSR State Committee for the Utilization of Atomic Energy; and the General Agreement between the United States of America and the Union of Soviet Socialist Republics on Contacts, Exchanges and Cooperation of June 19, 1973;

Have agreed as follows:

ARTICLE 1

The Parties will expand and strengthen their cooperation in research, development and utilization of nuclear energy, having as a primary objective the development of new energy sources. This cooperation will be carried out on the basis of mutual benefit, equality and reciprocity.

ARTICLE 2

1. Cooperation will be concentrated in the following three areas:

a. Controlled thermonuclear fusion.

The aim of cooperation in this area is the eventual development of prototype and demonstration-scale thermonuclear reactors. Cooperation may include theoretical, calculational, experimental and design-construction studies at all stages up to industrial-scale operations.

b. Fast breeder reactors.

Cooperation in this area will be directed toward finding solutions to mutually agreed basic and applied problems connected with the design, development, construction and operation of nuclear power plants utilizing fast breeder reactors.

c. Research on the fundamental properties of matter.

Cooperation in this area will include joint theoretical and experimental studies on mutually agreed subjects, and particularly in high, medium and low energy physics, through utilization of accelerators, data processing equipment and other facilities of the two countries. Cooperation may also be undertaken on the design, planning and construction of joint facilities to be used in this area of research.

2. Further details of cooperation in each of these three areas will be arranged through individual implementing protocols.

3. Other areas of cooperation may be added by mutual agreement.

4. Cooperation under this Agreement shall be in accordance with the laws of the respective countries.

ARTICLE 3

1. Cooperation provided for in the preceding Articles may take the following forms:

a. Establishment of working groups of scientists and engineers for design and execution of joint projects;

b. Joint development and construction of experiments, pilot installations and equipment;

c. Joint work by theoretical and experimental scientists in appropriate research centers of the two countries;

d. Organization of joint consultations, seminars and panels;

e. Exchanges of appropriate instrumentation, equipment and construction materials;

f. Exchanges of scientists and specialists; and
g. Exchanges of scientific and technical information, documentation and results of research.

2. Other forms of cooperation may be added by mutual agreement.

ARTICLE 4

In furtherance of the aims of this Agreement, the Parties will, as appropriate, encourage, facilitate and monitor the development of cooperation and direct contacts between organizations and institutions of the two countries, including the conclusion, as appropriate, of implementing protocols and contracts for carrying out cooperative activities under this Agreement.

ARTICLE 5

1. For the implementation of this Agreement, there shall be established a US-USSR Joint Committee on Cooperation in the Peaceful Uses of Atomic Energy. Meetings will be convened once a year in the United States and the Soviet Union alternately, unless otherwise mutually agreed.

2. The Joint Committee shall take such action as is necessary for effective implementation of this Agreement including, but not limited to, approval of specific projects and programs of cooperation; designation of appropriate participating organizations and institutions responsible for carrying out cooperative activities; and making recommendations, as appropriate, to the two Governments.

3. The Executive Agents of this Agreement shall be, for the United States of America, the US Atomic Energy Commission, and for the Union of Soviet Socialist Republics, the USSR State Committee for the Utilization of Atomic Energy. The Executive Agents, on their respective sides, shall be responsible for the operation of the Joint Committee and shall coordinate and supervise the development and implementation of cooperative activities conducted under this Agreement.

ARTICLE 6

Nothing in this Agreement shall be interpreted to prejudice other agreements concluded between the Parties.

ARTICLE 7

1. This Agreement shall enter into force upon signature and shall remain in force for ten years. It may be modified or extended by mutual agreement of the Parties.

2. The termination of this Agreement shall not affect the validity of implementing protocols and contracts concluded under this Agreement between interested organizations and institutions of the two countries.

DONE at Washington, this 21st day of June, 1973, in duplicate, in the English and Russian languages, both texts being equally authentic.

For the United States of America:

RICHARD NIXON
President of the United States
of America

For the Union of Soviet Socialist Republics:

L. I. BREZHNEV
General Secretary of the Central Committee, CPSU

AGREEMENT ON PREVENTION OF NUCLEAR WAR AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE UNION OF SOVIET SOCIALIST REPUBLICS ON THE PREVENTION OF NUCLEAR WAR

The United States of America and the Union of Soviet Socialist Republics, hereinafter referred to as the Parties, Guided by the objectives of strengthening world peace and international security,

Conscious that nuclear war would have devastating consequences for mankind,

Proceeding from the desire to bring about conditions in which the danger of an outbreak of nuclear war anywhere in the world would be reduced and ultimately eliminated,

Proceeding from their obligations under the Charter of the United Nations regarding the maintenance of peace, refraining from the threat or use of force, and the avoidance of war, and in conformity with the agreements to which either Party has subscribed,

Proceeding from the Basic Principles of Relations between the United States of America and the Union of Soviet Socialist Republics signed in Moscow on May 29, 1972,

Reaffirming that the development of relations between the United States of America and the Union of Soviet Socialist Republics is not directed against other countries and their interests,

Have agreed as follows:

ARTICLE I

The United States and the Soviet Union agree that an objective of their policies is to remove the danger of nuclear war and of the use of nuclear weapons.

Accordingly, the Parties agree that they will act in such a manner as to prevent the development of situations capable of causing a dangerous exacerbation of their relations, as to avoid military confrontations, and as to exclude the outbreak of nuclear war between them and between either of the Parties and other countries.

ARTICLE II

The Parties agree, in accordance with Article I and to realize the objective stated in that Article, to proceed from the premise that each Party will refrain from the threat or use of force against the other Party, against the allies of the other Party and against other countries, in circumstances which may endanger international peace and security. The Parties agree that they will be guided by these considerations in the formulation of their foreign policies and in their actions in the field of international relations.

ARTICLE III

The Parties undertake to develop their relations with each other and with other countries in a way consistent with the purposes of this Agreement;

ARTICLE IV

If at any time relations between the Parties or between either Party and other countries appear to involve the risk of a nuclear conflict, or if relations between countries not parties to this Agreement appear to involve the risk of nuclear war between the United States of America and the Union of Soviet Socialist Republics or between either Party and other countries, the United States and the Soviet Union, acting in accordance with the provisions of this Agreement, shall immediately enter into urgent consultations with each other and make every effort to avert this risk.

ARTICLE V

Each Party shall be free to inform the Security Council of the United Nations, the Secretary General of the United Nations and the Governments of allied or other countries of the progress and outcome of consultations initiated in accordance with Article IV of this Agreement.

ARTICLE VI

Nothing in this Agreement shall affect or impair:

(a) the inherent right of individual or collective self-de-

fense as envisaged by Article 51 of the Charter of the United Nations.

(b) the provisions of the Charter of the United Nations, including those relating to the maintenance or restoration of international peace and security, and

(c) the obligations undertaken by either Party towards its allies or other countries in treaties, agreements, and other appropriate documents.

ARTICLE VII

This Agreement shall be of unlimited duration.

ARTICLE VIII

This Agreement shall enter into force upon signature.

DONE at Washington on June 22, 1973, in two copies, each in the English and Russian languages, both texts being equally authentic.

For the United States
of America:

RICHARD NIXON
President of the United
States of America

For the Union of Soviet
Socialist Republics:

L. I. BREZHNEV
General Secretary of the
Central Committee,
CPSU

AGREEMENT ON COOPERATION IN AGRICULTURE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS ON COOPERATION IN THE FIELD OF AGRICULTURE

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics;

Taking into account the importance which the production of food has for the people of both countries and for all of mankind;

Desiring to expand existing cooperation between the two countries in the field of agricultural research and development;

Wishing to apply new knowledge and technology in agricultural production and processing;

Recognizing the desirability of expanding relationships in agricultural trade and the exchange of information necessary for such trade;

Convinced that cooperation in the field of agriculture will contribute to overall improvement of relations between the two countries;

In pursuance and further development of the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on Cooperation in the Fields of Science and Technology of May 24, 1972, and in accordance with the Agreement on Exchanges and Cooperation in Scientific, Technical, Educational, Cultural and Other Fields of April 11, 1972, and in accordance with the Agreement on Cooperation in the Field of Environmental Protection of May 23, 1972;

Have agreed as follows:

ARTICLE I

The Parties will develop and carry out cooperation in the field of agriculture on the basis of mutual benefit, equality and reciprocity.

ARTICLE II

The Parties will promote the development of mutually beneficial cooperation in the following main areas:

1. Regular exchange of relevant information, including forward estimates, on production, consumption, demand and trade of major agricultural commodities.

2. Methods of forecasting the production, demand and consumption of major agricultural products, including econometric methods.

3. Plant science, including genetics, breeding, plant protection and crop production, including production under semi-arid conditions.

4. Livestock and poultry science, including genetics, breeding, physiology, nutrition, disease protection and large-scale operations.

5. Soil science, including the theory of movement of water, gases, salts, and heat in soils.

6. Mechanization of agriculture, including development and testing of new machinery, equipment and technology, as well as repair and technical service.

7. Application, storage and transportation of mineral fertilizers and other agricultural chemicals.

8. Processing, storage and preservation of agricultural commodities, including formula feed technology.

9. Land reclamation and reclamation engineering, including development of new equipment, design and materials.

10. Use of mathematical methods and electronic computers in agriculture, including mathematical modeling of large-scale agricultural enterprises.

Other areas of cooperation may be added by mutual agreement.

ARTICLE III

Cooperation between the Parties may take the following forms:

1. Exchange of scientists, specialists and trainees.

2. Organization of bilateral symposia and conferences.

3. Exchange of scientific, technical and relevant economic information, and methods of research.

4. Planning, development and implementation of joint projects and programs.

5. Exchange of plant germ plasm, seeds and living material.

6. Exchange of animals, biological materials, agricultural chemicals, and models of new machines, equipment and scientific instruments.

7. Direct contacts and exchanges between botanical gardens.

8. Exchange of agricultural exhibitions.

Other forms of cooperation may be added by mutual agreement.

ARTICLE IV

1. In furtherance of the aims of this Agreement, the Parties will, as appropriate, encourage, promote and monitor the development of cooperation and direct contacts between governmental and non-governmental institutions, research and other organizations, trade associations, and firms of the two countries, including the conclusion, as appropriate, of implementing agreements for carrying out specific projects and programs under this Agreement.

2. To assure fruitful development of cooperation, the Parties will render every assistance for the travel of scientists and specialists to areas of the two countries appropriate for the conduct of activities under this Agreement.

3. Projects and exchanges under this Agreement will be carried out in accordance with the laws and regulations of the two countries.

ARTICLE V

1. For implementation of this Agreement, there shall be established a US-USSR Joint Committee on Agricultural Cooperation which shall meet, as a rule, once a year, alternately in the United States and the Soviet Union, unless otherwise mutually agreed.

2. The Joint Committee will review and approve specific projects and programs of cooperation; establish the procedures for their implementation; designate, as appropriate, institutions and organizations responsible for carrying out cooperative activities; and make recommendations, as appropriate, to the Parties.

3. Within the framework of the Joint Committee there shall be established a Joint Working Group on Agricultural Economic Research and Information and a Joint Working Group on Agricultural Research and Technological Development. Unless otherwise mutually agreed, each Joint Working Group will meet alternately in the United States and the Soviet Union at least two times a year. The Joint Committee may establish other working groups as it deems necessary.

4. The Executive Agents for coordinating and carrying out this Agreement shall be, for the Government of the United States of America, the United States Department of Agriculture, and for the Government of the Union of Soviet Socialist Republics, the Ministry of Agriculture of the USSR. The Executive Agents will, as appropriate, assure the co-operation in their respective countries of other institutions and organizations as required for carrying out joint activities under this Agreement. During the period between meetings of the Joint Committee, the Executive Agents will maintain contact with each other and coordinate and supervise the development and implementation of cooperative activities conducted under this Agreement.

ARTICLE VI

Unless an implementing agreement contains other provisions, each Party or participating institution, organization or firm, shall bear the costs of its participation and that of its personnel in cooperative activities engaged in under this Agreement.

ARTICLE VII

1. Nothing in this Agreement shall be interpreted to prejudice or modify any existing Agreements between the Parties.

2. Projects developed by the US-USSR Joint Working Group on Agricultural Research which were approved at the first session of the US-USSR Joint Commission on Scientific and Technical Cooperation on March 21, 1973, will continue without interruption and will become the responsibility of the US-USSR Joint Committee on Agricultural Cooperation upon its formal establishment.

ARTICLE VIII

1. This Agreement shall enter into force upon signature and remain in force for five years. It will be automatically extended for successive five-year periods unless either Party notifies the other of its intent to terminate this Agreement not later than six months prior to the expiration of this Agreement.

2. This Agreement may be modified at any time by mutual agreement of the Parties.

3. The termination of this Agreement will not affect the validity of implementing agreements concluded under this Agreement between institutions, organizations and firms of the two countries.

DONE at Washington, this 19th day of June, 1973; in duplicate, in the English and Russian languages, both texts being equally authentic.

For the Government of
the United States of
America:

EARL L. BUTZ

For the Government of
the Union of Soviet So-
cialist Republics:

A. GROMYKO

AGREEMENT ON COOPERATION IN STUDIES OF THE WORLD OCEAN

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS ON COOPERATION IN STUDIES OF THE WORLD OCEAN

The Government of the United States of America and the Government of the Union of Soviet Socialist Republics;

Recognizing the importance of comprehensive studies of the World Ocean for peaceful purposes and for the well-being of mankind;

Striving for more complete knowledge and rational utilization of the World Ocean by all nations through broad international cooperation in oceanographic investigation and research;

Aware of the capabilities and resources of both countries for studies of the World Ocean and the extensive history and successful results of previous cooperation between them;

Desiring to combine their efforts in the further investigation of the World Ocean and to use the results for the benefit of the peoples of both countries and of all mankind; and

In pursuance and further development of the Agreement between the Government of the United States of America and the Government of the Union of Soviet Socialist Republics on Cooperation in the Fields of Science and Technology of May 24, 1972, and in accordance with the Agreement on Exchanges and Cooperation in Scientific, Technical, Educational, Cultural and Other Fields of April 11, 1972, and in accordance with the Agreement on Cooperation in the Field of Environmental Protection of May 23, 1972;

Have agreed as follows:

ARTICLE 1

The Parties will develop and carry out cooperation in studies of the World Ocean on the basis of equality, reciprocity and mutual benefit.

ARTICLE 2

In their studies of the World Ocean, the Parties will direct cooperative efforts to the investigation and solution of important basic and applied research problems. Initially, cooperation will be implemented in the following areas:

a. Large-scale ocean-atmosphere interaction, including laboratory studies, oceanic experiments, and mathematical modeling of the ocean-atmosphere system.

b. Ocean currents of planetary scale and other questions of ocean dynamics.

c. Geochemistry and marine chemistry of the World Ocean.

d. Geological and geophysical investigations of the World Ocean, including deep sea drilling for scientific purposes.

e. Biological productivity of the World Ocean and the biochemistry of the functioning of individual organisms and whole biological communities in the World Ocean.

f. Intercalibration and standardization of oceanographic instrumentation and methods.

Other areas of cooperation may be added by mutual agreement.

ARTICLE 3

Cooperation provided for in the preceding Articles may take the following forms:

a. Joint planning, development, and implementation of research projects and programs;

b. Exchange of scientists, specialists, and advanced students;

c. Exchange of scientific and technical information, documentation, and experience, including the results of national oceanographic studies;

d. Convening of joint conferences, meetings, and seminars of specialists;

e. Appropriate participation by both countries in multi-lateral cooperative activities sponsored by international scientific organizations;

f. Facilitation by both Parties, in accordance with laws, rules and regulations of each country and relevant bilateral agreements, of use of appropriate port facilities of the two countries for ships' services and supplies, including provision for rest and changes of ships' personnel, in connection with carrying out cooperative activities.

Other forms of cooperation may be added by mutual agreement.

ARTICLE 4

In furtherance of the aims of this Agreement, the Parties will, as appropriate, encourage, facilitate and monitor the development of cooperation and direct contacts between agencies, organizations and firms of the two countries, including the conclusion, as appropriate, of implementing agreements for carrying out specific projects and programs under this Agreement.

ARTICLE 5

1. For implementation of this Agreement, there shall be established a US-USSR Joint Committee on Cooperation in World Ocean Studies. This Joint Committee shall meet, as a rule, once a year, alternately in the United States and the Soviet Union, unless otherwise mutually agreed.

2. The Joint Committee shall take such action as is necessary for effective implementation of this Agreement including, but not limited to, approval of specific projects and programs of cooperation; designation of appropriate agencies and organizations to be responsible for carrying out cooperative activities; and making recommendations, as appropriate, to the Parties.

3. Each Party shall designate its Executive Agent which will be responsible for carrying out this Agreement. During the period between meetings of the Joint Committee, the Executive Agents shall maintain contact with each other and coordinate and supervise the development and implementation of cooperative activities conducted under this Agreement.

ARTICLE 6

Nothing in this Agreement shall be interpreted to prejudice other agreements between the Parties or commitments of either Party to other international oceanographic programs.

ARTICLE 7

Each Party, with the consent of the other Party, may invite third countries to participate in cooperative activities engaged in under this Agreement.

ARTICLE 8

1. This Agreement shall enter into force upon signature and remain in force for five years. It may be modified or extended by mutual agreement of the Parties.

2. The termination of the Agreement shall not affect the validity of implementing agreements concluded under this Agreement between interested agencies, organizations and firms of the two countries.

DONE at Washington, this 19th day of June, 1973, in duplicate, in the English and Russian languages, both texts being equally authentic.

For the Government of
the United States of Amer-

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ELECTRONIC REPRODUCTION PROHIBITED

For the Government of the
Union of Soviet Socialist
Republics:

A. GROMYKO

BOOK REVIEWS

ON THE SOVIET UNION

SOVIET AND AMERICAN SOCIETY: A COMPARISON. BY PAUL HOLLANDER. (New York: Oxford University Press, 1973. 476 pages, bibliography and index, \$12.50.)

Not since the Brzezinski-Huntington book, *Political Power USA/USSR*, have we had such an ambitious and thoroughly researched comparative study of Soviet and American societies. A sociologist by training, Professor Hollander understandably stresses sociological rather than political phenomena, but students of both disciplines will benefit enormously from this book. He discusses Soviet and American perceptions of each other, political institutions, the techniques and practice of coercion, propaganda, education, the family, social stratification, and social problems. The writing is lucid, the research is admirable, and the analysis is persuasive.

Alvin Z. Rubinstein

YEARBOOK ON INTERNATIONAL COMMUNIST AFFAIRS: 1973. BY RICHARD F. STAAR (editor). (Stanford: Hoover Institution Press, 1973. 651 pages, bibliography and index, \$25.00, casebound; \$9.50, paper.)

With each passing year, the task of keeping abreast of changing developments in the Communist world becomes more difficult. This *Yearbook*, edited by Richard F. Staar, provides a comprehensive survey covering the calendar year 1972 of "the organizational structure, internal development, domestic and foreign policies, and activity of Communist parties throughout the world." The material is rich in detail, skilfully organized, and ably analyzed. Its availability in paperback should expand the market for this indispensable compendium. A.Z.R.

HANDBOOK OF SOVIET SOCIAL SCIENCE DATA. EDITED BY ELLEN MICKIEWICZ. (New York: The Free Press, 1973. 225 pages, \$14.95.)

As Karl W. Deutsch observes in his foreword, "The idea of using quantitative data as indicators of the structure, performance, and development of a political system is old." With the cooperation of a number of leading specialists on the Soviet Union, Professor Mickiewicz has brought together an impressive collection of data on demography, agriculture, housing, production, health, education, elite recruitment and mobilization, communication, and international interaction in Soviet society. Those interested in comparative research will find this a valuable source book.

CLASS AND SOCIETY IN SOVIET RUSSIA. BY MERVYN MATTHEWS. (New York: Walker and Company, 1973, 366 pages, bibliography and index, \$12.50.)

This is an informative and solidly researched study of the growth and structure of Soviet society from 1914 to the present. There are chapters dealing with the demographic background, the official Soviet theory of classes and social development, the peasantry, the urban workers, education, youth, and the intelligentsia. Most of the material has been gleaned from recently published Soviet sources and the analysis is authoritative.

A.Z.R.

THE TRANSFORMATION OF COMMUNIST IDEOLOGY: THE YUGOSLAV CASE, 1945-1953. BY A. ROSS JOHNSON. (Cambridge, Mass.: The M.I.T. Press, 1972. 269 pages, bibliography and index, \$15.00.)

The ideological evolution of Yugoslavia into an independent Communist state is traced with great clarity and understanding in this impressive study. The author analyzes the various areas in which the Yugoslavs developed distinctive ideological formulations—for example, the concepts of people's democracy and the withering away of the state. Though Titoism flowered after the Cominform crisis of June, 1948, it was already rooted in the history and outlook of the Yugoslav Communists.

A.Z.R.

SOVIET STRATEGY—SOVIET FOREIGN POLICY: MILITARY CONSIDERATIONS AFFECTING SOVIET POLICY-MAKING. BY C. G. JACOBSEN. (Glasgow, Scotland: The University Press, 1972. 232 pages, selected bibliography and index, \$12.50.)

The evolution of Soviet concepts relating to the use of military power in a nuclear age is traced with commendable thoroughness in this tightly argued study. The book deals with doctrines, institutions, and practices, and raises as many significant questions as it answers. It is essential reading for anyone interested in Soviet foreign policy.

A.Z.R.

SOVIET FOREIGN TRADE: ORGANIZATION, OPERATIONS, AND POLICY, 1918-1971. BY GLEN ALDEN SMITH. (New York: Praeger Publishers, 1973. 370 pages and bibliography, \$21.50.)

Historical perspective is useful in helping to main-

(Continued on page 184)

THE SOVIET UNION AND CHINA *(Continued from page 149)*

the government of Emperor Haile Selassie, and condemned Egyptian student demonstrations against the government of President Anwar Sadat. / Most recently, the Chinese have voiced their support for the position of Iran in the Persian Gulf in Iran's struggle with Arab subversives. Iran and China apparently share a common interest in the prevention of the expansion of Soviet influence into the Gulf area.²³ /

In South Asia, in 1971, the Chinese supported the government of Pakistan in its efforts to retain control over its eastern province, while the Soviets provided support for India and the rebels in what has become Bangladesh.

To a large degree, the Soviets have been faced by a very different challenge from China in the years since the cultural revolution. Chinese foreign policy has matured and has entered on a much more pragmatic course. Chinese entry into the United Nations, where China has become a major critic of the Soviet Union, the new relationships with the United States and West Europe, and the expanded policy of cordial relations with the official governments of the developing world have all helped China to improve her political position vis-à-vis the Soviet Union.²⁴

We can return now to the question posed at the beginning of this article concerning the prospects for the future of Soviet-Chinese relations and the likelihood of renewed military hostilities between the two countries. An examination of the relative military capabilities of the two countries indicates the great superiority of the Soviet Union in overall military power. While China has approximately 15 to 20 IRBM's and 20 to 30 MRBM's, the Soviets have about 1,530 ICBM's and 600 IRBM's and MRBM's.²⁵ In traditional land forces, however, the Chinese maintain a significant superiority, especially since a large percentage of Soviet troops are stationed in East Europe or along the western borders of the U.S.S.R.

Given this Soviet superiority in strategic weapons

and the likelihood that a major military confrontation would result in the virtually complete destruction of Chinese cities, how does one explain the Soviet fear of China expressed not only by Soviet propagandists but also by Soviet citizens in their discussions with Westerners? First, in spite of their inferior nuclear capabilities, the Chinese have the ability to inflict major damage on Soviet cities, including Moscow and all of the cities of Central Asia and Siberia.²⁶ In addition, the Soviets seem to remain convinced of the irrationality of Chinese decision-makers who, they feel, may run the risks of a nuclear war to accomplish some political goal.

CONCLUSIONS

As we have seen, the relations between the two countries have not improved significantly in the past few years, although both have been attempting to reach accommodations with the rest of the world. In fact, the polemics between China and the Soviet Union have continued at a very high level of intensity. The major problems that plague their relations are not easily resolved. And the replacement of the leadership of the two countries (which is likely to occur in the next few years), although it may facilitate negotiations, will not in itself result in a major improvement in relations. (China will continue to represent an alternative socialist ideology and will thus compete with the Soviet Union for influence within the Communist "community" and the developing world.) In addition, as a regional Asian power interested in expanding its role, China will continue to compete with the Soviet Union for influence in Asia. Finally, the racial, nationalist and territorial aspects of the conflict are deep-rooted and will not disappear within the near future.

To a large extent, the Soviets, in their relations with China, are faced with a situation similar to the situation of the United States since the mid-1950's when the Soviets under Khrushchev began challenging the Americans for worldwide influence. Although the Soviet Union's military capabilities are far superior to those of China, the probable expense of using that power would be too high. In the meantime, China will continue to develop her nuclear arsenal and her delivery systems, and will become an even greater threat to the Soviets. At the same time, assuming that the Chinese continue to follow the foreign policies they have developed in the past three or four years, China will play an ever greater role in international politics.

For the remainder of the 1970's, it is unlikely that Soviet-Chinese relations will improve significantly, unless China or the Soviet Union is willing to compromise on the major issues which divide them. However, given the consequences of a nuclear exchange, it is highly improbable that the two will resort to war.

²³ See John K. Cooley, "Peking Swings Support to Iran," *Christian Science Monitor*, June 19, 1973, p. 2.

²⁴ One Soviet commentator sees "the cardinal and most characteristic feature of Peking's present policy [as] its undisguised aspiration to win a leading position on the international scene. . ." which [it] can achieve only by continuing to foster "a sharp deterioration of relations between the most powerful states." See V. Rybakov, "Behind the Scenes of Peking's 'Peace Strategy,'" *International Affairs*, no. 11 (1972), p. 17.

²⁵ See *The Military Balance, 1972-1973* (London: The International Institute for Strategic Studies, 1972), pp. 6, 44.

²⁶ The development of a complex system of tunnels in major Chinese cities as shelters in case of a nuclear attack must appear to the Soviets as preparation for a possible war. See John Burns, "China's Giant Tunnel Network Designed against A-Blasts," *Christian Science Monitor*, June 5, 1973, p. 9.

More probable is a continuation of the hostility that has characterized their relations for more than a decade, with periods of moderate improvement followed by renewed propaganda attacks.

SOVIET POLICY IN THE MIDDLE EAST (Continued from page 157)

the best single illustration of Moscow's inability to effect changes in Washington's pro-Israeli position.

The reasons for the President's inflexible stance are not difficult to discern. Prior to his election in 1968, facing a tough campaign against Hubert Humphrey, Richard Nixon made a concerted effort to secure the support of the influential Jewish community in the United States. He succeeded in part and enlarged Jewish support considerably during his first term of office by extending to Israel more far-reaching aid than any of his predecessors. The President's second term, according to official statements, was to be occupied with the normalization of relations in Europe, the Far East, and the Middle East. In the Middle East, many observers expected bold new approaches, including the exertion of strong American pressure on the Israelis to modify their position. However, nothing has happened thus far and little can be expected as long as the political fallout from the Watergate scandal continues to threaten the President's political status. Bluntly stated, President Nixon is in no position to initiate a policy which would deliberately alienate an important segment of American public opinion.

Brezhnev must have recognized this fact, and his decision to leave the Middle East alone for the time being and, in the process, to continue to antagonize the Arabs was one price he had to pay for the sake of long-range détente and of the economic concessions which the beleaguered President seemed prepared to offer. Thus, paradoxically, Watergate—a purely internal American affair—has proved to be a powerful influence on American foreign policy and, indirectly, on Moscow's policy in the Middle East.]

Although this fact is largely unappreciated in the West, the Middle East—including Turkey, Iran, Israel, and the Arab countries—has apparently, in relative terms, lost much of its former importance to the Soviet Union. The strategic threat formerly emanating from the region is not so significant today as it once was, due, primarily, to the enormous destructive power amassed by the U.S.S.R. Economically, the Soviet Union continues to retain an interest in Middle Eastern oil, but its attempts to develop its own reserves with Western assistance indicate an effort to become self-sufficient in oil production. Moscow has displayed considerable interest in the Indian Ocean, to which the Middle East could serve as a convenient

stepping stone. But it must be obvious to even the most bellicose elements in the Kremlin that the path there can be secured only by peaceful means, i.e., by cooperation with, and not subversion of, the existing regimes in the area. Moreover, any use of violence is likely not only to provoke strong American countermeasures but to result in a review of United States policy toward the U.S.S.R. As evidenced by Brezhnev's reactions to the mining of Haiphong and to Nixon's attitude toward the Arab-Israeli problem, the Kremlin is not likely to jeopardize its détente with Washington for the sake of secondary, nonvital problems.

[In short, the Soviet government is not likely, in the near future, to resurrect its former "activist" policy in the Middle East. Instead, the area, including its Arab-Israeli sector, will probably enjoy the Kremlin's "benign neglect," much to the joy of Jerusalem and to the regret and indignation of the Arabs. None of this should be construed to mean that the U.S.S.R. will withdraw from participation in Middle Eastern affairs or that it would not be delighted to intervene jointly with the United States if the latter could be moved to pursue such a course of action. Since this is highly unlikely, it is probably safe to conclude that in the Middle East the Soviet Union will create fewer problems for the Western powers and for Israel than it did prior to July, 1972. Most negatively affected by Brezhnev's new policy will be the Arabs; once again, they have been disappointed by a seemingly friendly great power.]

SOVIET-AMERICAN RELATIONS (Continued from page 154)

bility and unpredictability of technological breakthroughs, the fashioning of specific, satisfactory accords may prove extremely difficult. Technological changes may render inoperative the bargaining chips of the diplomats. [It is important to emphasize that Soviet military power is greater than it has been at any time in the post-1945 period; one cannot overlook the preponderance of the Soviet military advantage. Only West Europe's belief in, and reliance on, the credibility of the American nuclear deterrent keeps NATO alive.] Any unilateral withdrawal of American forces from Europe could well have upsetting consequences for United States-West European and Soviet-West European relations.

The rosiest prospects are in the economic realm, but even here there are problems. Moscow's massive purchases of grain were dictated by poor harvests. (They were made at prices that would have done credit to the most enterprising capitalist and with a purchasing skill that showed up the bureaucratic in-

eptness of the Department of Agriculture and American grain sellers). Beyond foodstuffs, the U.S.S.R. is interested in expanding trade with the United States, in attracting investment capital to help develop untapped Soviet resources in Siberia, and in importing Western technology. The Soviet Union needs trade with the United States, but its ability to sell in the American market is limited. Its trade deficit for 1973 is estimated at a record \$2 billion, the largest since the end of World War II. The Soviet global foreign trade turnover for 1972 rose to 26,000 million rubles—a 10 per cent increase over the 1971 figures of 23,650 million rubles. Exports came to 12,700 million rubles of which 19 per cent went to Western countries, but imports rose to 13,300 million rubles of which more than 25 per cent came from Western countries (and Japan). Through détente, Moscow hopes to expand its ability to sell in Western markets and to minimize the appeal of China for American leaders.

For its part, Washington sees in expanding trade with the Soviet Union a way to insure that political differences and rivalries will be safely contained, segmented, and susceptible to businesslike compromises.

It is premature to talk of a generation of steadily improving Soviet-American relations. The Soviet Union remains the natural rival of the United States. Yet, given Brezhnev's serious domestic difficulties and his need for Western financial and technological assistance, and given President Nixon's need to recoup some of the political influence he has squandered as a consequence of the sordid Watergate revelations, there are grounds for a guarded optimism. These two leaders may be able and willing to nurture the fragile network of institutional and personal ties established in two summit meetings.

AMERICAN-SOVIET TRADE IN PERSPECTIVE

(Continued from page 162)

able Soviet balance of trade with the United States. In the long run, however, the U.S.S.R. would have to sell more gold to the West, and more technology (e.g., a process using low-grade bauxite ore to make aluminum) and manufactured goods to the United States. As an example of the latter, the United States might accept Soviet machine tools and electric generators (in 1967, it rejected the U.S.S.R.'s low bid on a generator for the Grand Coulee Dam). Yet in order for this to happen the Soviet Union would have to raise significantly the general quality of its manufactured products. Meanwhile, American firms were already participating in major construction projects of the Soviet ninth five year plan (Swindell-Dresser Com-

pany was building the Kama River Truck Plant foundry and Caterpillar Company was delivering large-diameter gas pipelines to the U.S.S.R.).

While trade of the above magnitude would hardly represent a large proportion of the foreign trade or gross national product of the United States or the Soviet Union, the two countries are currently discussing "joint projects" involving large American capital investments in Soviet minerals and crude materials, such as natural gas, oil, platinum, palladium, copper, chrome, zinc, timber, and fertilizers. Secretary of Commerce Peterson asserted that "these types of joint projects are potentially the single most important product of this new commercial relationship in which the two largest economies in the world each adjust their ways of doing business to the mutual benefit of both."¹⁹

The largest projects now under consideration concern development of two Siberian natural gas fields, the laying of pipelines, the construction of liquefaction facilities, and the deployment of tankers to carry liquefied natural gas (LNG) to East and West Coast ports in the United States. The U.S.S.R. has already concluded agreements of intent with six American companies for these projects, and estimates of total United States investments run as high as \$10 billion to \$12 billion with LNG deliveries to begin in 1980 and continue until 2005. Such cooperative ventures would require far more financing than is currently possible through the Eximbank and might necessitate a wholly new type of credit institution. Assuming several joint projects, American-Soviet trade might reach \$250 billion over the next 20 years, or 5-10 per cent of total United States foreign trade and 15-30 per cent of total U.S.S.R. foreign trade.

Although it would appear mutually advantageous from the macro-economic standpoint to develop United States-U.S.S.R. trade, it remains to be seen whether American banks and industrial firms will find Soviet trade worth cultivating from the micro-economic standpoint of profits. Generally it takes inordinately long to consummate Soviet deals, and Soviet FTO's drive hard bargains on goods and credit terms. It is difficult to obtain contracts that do not specify arbitration in Moscow or do not assign high penalties for the failure to meet deadlines on the delivery of American equipment. It is impossible to assure adequate protection of patents in the U.S.S.R., and it is dubious whether the advantage of maintaining a permanent representative in the U.S.S.R. justifies the expense. In some cases, American sales are confined by barter arrangements: for example, Pepsico can sell only as much Pepsi-Cola to the Soviet Union as the Soviets can sell Soviet vodka in the United States. Only more experience will prove whether Russian trade is profitable.

¹⁹ Peter G. Peterson, *U.S.-Soviet Commercial Relationships in a New Era*, U.S. Department of Commerce, August 1972, p. 21.

ests, the political calculations of the two countries have been and probably will be overriding in determining their mutual trade. The United States has mainly sought to reduce the danger of nuclear conflict with the Soviet Union. In the words of the President's National Security Adviser, Henry Kissinger, the Nixon administration's principal approach to achieving this goal has been to engage the U.S.S.R. in a wide spectrum of negotiations leading to a "chain of agreements and to a broad understanding about international conduct appropriate to the dangers of the nuclear age."²⁰ As Secretary of Commerce Peterson made clear, the President's purpose in expanding trade with the U.S.S.R. was "to build in both countries a vested economic interest in the maintenance of a harmonious and enduring relationship."²¹ In pursuing these objectives, it is probable that the administration has wished to forswear the use of trade to encourage "moderation or reform" of Soviet domestic policies.²² On the whole, this is most welcome, since trade is a blunt instrument. Generally, any expectations that trade will promote broad liberalization in the Soviet Union are about as realistic as hoping that trade will spread communism in the United States.

Political aspects of trade are also uppermost for the Soviet Union. General Secretary Brezhnev acknowledged that the political field holds "first place, but it is supplemented by economic cooperation and by trade, and together they also serve to increase confidence and mutual respect and increase the desire to go on developing such cooperation."²³ The Soviet Union wishes to raise the vested economic interest of the United States in nuclear restraint. Furthermore, the U.S.S.R. is anxious to raise the American stake in defending Soviet territory from possible Chinese attack. In pursuit of this goal, the Soviet leadership is particularly eager to involve the United States—and perhaps Japan—in joint projects in Eastern Siberia.

ALLIED CONCERN

If such political assessments tend toward greater American-Soviet trade, other political considerations will restrain its growth. Neither country can ignore the concerns of its allies. Thus the East European Communist states fear that the U.S.S.R. might divert vital raw materials to the United States and that the

U.S.S.R. might buy American instead of East European machinery and equipment. Japan presents an analogous situation: she worries that the United States might cut Japan out of a share in Siberia's natural gas. Neither power wishes to become overly dependent on the other or to enhance the other's military potential significantly. And neither nation can exclude the possibility of a future conflict that might have an effect on trade comparable to the effects of the Vietnam War.

In addition, much depends on how well the Brezhnev and Nixon leaderships cope with resistance to trade in their respective countries. In the post-Stalin period, the U.S.S.R. has become increasingly quasi-pluralistic, and government policy is influenced by and subject to challenge from competing social and governmental interests. General Secretary Brezhnev apparently won approval of his policy of détente and trade with the West at the April, 1973, Central Committee plenum. The plenum's demotion of the hard-liner Pyotr Shelest from the Politburo and the promotion of Foreign Minister Andrei Gromyko to full Politburo membership seems to substantiate this interpretation. On the other hand, the elevation of KGB (secret police) chief Yuri Andropov and Defense Minister Andrei Grechko to full membership may augment the forces viewing United States trade with suspicion. Concerning resistance to trade, Brezhnev frankly admitted to American businessmen:

Shortly before I left Moscow for the United States, we had a very important meeting in our country. And at that meeting I directed my criticism first and foremost against our own executives, against our own departments, government departments, and other organizations, for not being able to think big, for still being wary of large-scale developments in economic cooperation, although the Soviet Union is a country rich in resources.²⁴

Although various bureaucratic elements can be expected to oppose more American trade, and although Brezhnev's political ascendancy must some day end, for the foreseeable future the General Secretary appears to be able to commit the U.S.S.R. to a course giving high priority to American trade.

AMERICAN FOES

By comparison, opposition to greater United States—U.S.S.R. trade appears to be better organized and more powerful in the more pluralistic American political system. President Nixon's program for Soviet trade faces four principal foes. Judging from the past, one anticipates that conservative and right-wing groups will mount letter-writing campaigns against companies trading with the U.S.S.R., and will press for local ordinances prohibiting the sale of Soviet goods. Second, the Defense Department and the military may continue their traditionally restrictive role in the evaluation of export license applications

²⁰ Henry A. Kissinger, Congressional Briefing, June 19, 1973, reprinted from *Congressional Record*, in *Observations on East-West Economic Relations: U.S.S.R. and Poland, a Trip Report, November-December, 1972*, submitted to the Joint Economic Committee, Congress of the United States, February 16, 1973, 93d Congress, 1st Session, Joint Committee Print, p. 24.

²¹ Peterson, *op. cit.*, p. 3.

²² Cited as a United States policy aim in Hardt and Holliday, *op. cit.*, p. 12.

²³ *The New York Times*, June 23, 1973, p. 9.

²⁴ *Ibid.*

for the U.S.S.R. Third, the AFL-CIO has come out against the importation of goods from the U.S.S.R. produced under "slave labor conditions," the exportation of American technology to the U.S.S.R., and the granting of economic concessions to the Soviet Union without receiving "political concessions."²⁵ Finally, American Jewish organizations have campaigned against Soviet trade on the grounds that the U.S.S.R. restricts the emigration of Jews to Israel.

The chief success of these groups has been in influencing Congress. Aware of the existence of substantial congressional opposition to greater trade with the U.S.S.R., President Nixon carefully qualified the MFN provisions of the Trade Reform Bill introduced in April, 1973. If passed, the bill would repeal the ban on Soviet furs and would grant the President the authority to extend MFN tariffs to the U.S.S.R. if he determines it to be in the national interest. Furthermore, the bill provides that any conferral of MFN to the Soviet Union would be limited to a period of three years and would be subject to veto by a majority vote of either house of Congress within 90 days. All subsequent renewals would also be liable to congressional veto.

THE "JACKSON AMENDMENT"

Primarily because of vigorous lobbying by Jewish organizations, Congress might not only reject MFN, but it also might pass the "Jackson Amendment." The latter enjoys the sponsorship of 76 Senators, and its identical twin in the House, the "Mills-Vanik Amendment," is sponsored by 268 representatives. If enacted, the Jackson Amendment would prohibit granting MFN or *government credits* to any "non-market economy country" which, according to the determination of the President:

- (1) denies its citizens the right or opportunity to emigrate; or
- (2) imposes more than a nominal tax on emigration or on the visas or other documents required for emigration, for any purpose or cause whatsoever; or
- (3) imposes more than a nominal tax, levy, fine, fee, or other charge on any citizen as a consequence of the desire of such citizens to emigrate to the country of his choice....²⁶

Given congressional support for this measure, President Nixon has attempted to persuade the U.S.S.R. to alter its emigration policies in order to avoid a setback in trade. Although it regards emigration policy as an exclusively internal affair, the Soviet Union has indicated that it is willing to modify the treatment of Soviet Jews wishing to emigrate. Nevertheless, until it becomes clear whether Moscow's concessions can satisfy American Jewish organizations,

the granting of MFN and of credits will remain in doubt. It is worth noting, moreover, that the waning of the President's power due to the Watergate revelations has not improved the prospects for the President's program of expanded trade with the U.S.S.R.

While the United States and the U.S.S.R. have taken large strides toward increasing their mutual trade since 1971, numerous obstacles remain. Possibly the chief questions in doubt concern MFN and credits, which are tangled in the issue of Jewish emigration. Despite such uncertainties, it does not seem unduly optimistic to expect at least a moderate growth in American-Soviet trade during the next few years. A much greater trade expansion involving large United States capital investments in Soviet raw materials, however, would seem to depend primarily on whether the two governments continue to subscribe to the broad political perspectives of the Nixon and Brezhnev leaderships despite domestic opponents of such trade. Assuming that the balance of political forces will favor the pursuit of joint projects between the United States and the U.S.S.R., one may surmise that the fundamental investment decisions in the United States would be made by the executive branch of government rather than by private companies in view of the critical importance of government credits and credit guarantees. One might also express the hope that the executive branch would exact terms for such investments more favorable to the United States than the terms it accepted in the 1972 grain deal.

SOVIET INTERNAL POLITICS

(Continued from page 167)

sources have a decisive impact upon the material interests of the more important infrastructural elements in Soviet society. Second, rapid development of the productive forces is a precondition for fulfillment of the regime's ideological goals; thus legitimacy of the dominant political elites is directly tied to economic performance. Seen from this perspective, Brezhnev's "opening to the West" appears to be a calculated gamble designed to assure the continuing domestic power of the current leadership.

FUTURE PROSPECTS

This analysis of Soviet internal political forces indicates that Brezhnev and his policies clearly dominate the current political scene. However, when assessing the future prospects of the Soviet political system, one must consult the actuarial tables. Brezhnev is 67 years old and has not been in the best of health. Other major Politburo figures are near or past the age of 70. Major personnel changes at the top could occur at any time, and the leadership is

²⁵ AFL-CIO, Executive Council, *Statement on East-West Trade*, Washington, May 9, 1973.

²⁶ Quoted in Hardt and Holliday, *op. cit.*, p. 53.

likely to fall at a time not very distant into the hands of younger men such as Scherbitsky and Kulakov, both 55 years old, and Romanov, age 50. When the mantle of leadership passes, is it not possible that a younger leadership will respond to the pressures generated by developing Soviet society and move toward more liberal policies, as did Nikita Khrushchev to a certain extent after 1953?

Such a prospect is most unlikely. The liberalizing "thaw" after 1953 was compatible and coincident with the reassertion, revitalization and expansion of party power. Under present conditions of party hegemony, any process of liberalization would necessarily diminish the central functional role and dominant power of the party. Brezhnev's successors are no more likely to make that choice than is the incumbent hard-lining General Secretary. Barring an unexpected expansion of the present sources of social dis-sensus, "neo-Stalinism" is likely to characterize the Soviet political system beyond the Brezhnev years.

THE SOVIET ECONOMY

(Continued from page 172)

gling for power. Certainly, the Soviet economy does not lack for bureaucracy. At the same time, all this organization and reorganization must be disruptive. Anyone who has suffered a reshuffling of responsibilities, authority and offices knows how confusing and depressing such an experience can be. Soviet executives apparently are no exception.¹⁶

Finally, Brezhnev's pleas for purchases of American technology indicate that the Soviet government is doing the best it can to upgrade its technology and equipment. What will happen, however, once the new equipment is installed? Will Soviet factory managers and engineers be able to maintain and operate the factories at international standards? Similarly, will they be able to develop momentum and innovations of their own, as the Japanese did after their initial purchases of American and West European technology and equipment? It is hard to see how such self-perpetuation can develop in the absence of an effective economic reform or at least a major change in existing operating procedures. Already there are signs that the Soviets are having difficulty operating a sophisticated assembly line of the sort installed by Fiat at Togliatti.¹⁷ How long can the Soviets fall back on foreign technology and managerial support, especially if there are limits to how much the Soviet Union can pay?

The task facing Soviet planners is not easy. As long as they are reluctant to make fundamental changes in

their scale of priorities and their operations, they are unlikely to be very successful—no matter how much they buy from the West and Japan. Moving back and forth between centralization and decentralization may be one way of solving a particularly pressing problem, but such periodic organizational reshuffling does not deal with the underlying causes of Soviet economic inefficiency.

As some of the Soviet economists have come to recognize, if the Soviet Union is to compete in an era of rapidly changing technology and innovation, more than cosmetic reform is necessary.

BOOK REVIEWS

(Continued from page 178)

tain a realistic attitude toward the prospects of an enormous expansion in trade between the United States and the Soviet Union in the years ahead. This study evaluates the organization and operation of the Soviet foreign trade system and the record of Soviet trade with other Communist countries and with third world countries.

A.Z.R.

THE SOVIET UNION AND THE EMERGING NATIONS: A CASE STUDY OF SOVIET POLICY TOWARDS INDIA. By HARISH KAPUR. (London: Michael Joseph Ltd., 1972. 124 pages, select bibliography and index; \$8.50.)

THE EMBATTLED TRIANGLE: MOSCOW-PEKING-NEW DELHI. BY HARISH KAPUR. (New Delhi: Abhinav Publications, 1973. 175 pages, select bibliography and index, Rs. 24.)

Professor Harish Kapur of the Graduate Institute of International Studies (Geneva) provides a general overview of Soviet and Chinese policy toward the Indian subcontinent. Noting that the basic Soviet line was established during the Khrushchev era, he shows the elements of continuity in Brezhnev's policy. These competent and well written monographs suggest that Moscow and Peking will, unlike Washington, intensify their interest and interaction in this region in the decade ahead.

A.Z.R.

THE SINO-SOVIET TERRITORIAL DISPUTE. By TAI SUNG AN. (Philadelphia: The Westminster Press, 1973. 254 pages and index, \$8.95.)

The territorial dimension of the rift between Moscow and Peking is ably presented in this informative study. Professor An traces the historical antecedents of the issue and provides partial texts of the key treaties that Russia imposed on China in the eighteenth and nineteenth centuries. The analysis is objective and sound, and the book serves as an excellent introduction to the subject.

A.Z.R.

¹⁶ *Pravda*, May 13, 1973, p. 3.

¹⁷ *Pravda*, May 12, 1973, p. 3.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of August, 1973, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Afro-Malagasy-Mauritian Common Organization

Aug. 12—*The New York Times* reports that the economic union of 10 French-speaking states, the Afro-Malagasy - Mauritian Common Organization (OCAM), issued a communiqué of "renewed dimensions of international cooperation" after a 2-day meeting last week.

Commonwealth of Nations

Aug. 10—The Commonwealth heads of government conclude 9 days of meetings with a statement supporting majority rule in Rhodesia and expressing "intense concern" about Rhodesia.

Disarmament

Aug. 30—The 25-nation disarmament conference, meeting in Geneva, concludes its 1973 session. Some delegates report that the conference is paralyzed.

European Space Conference

Aug. 1—*The New York Times* reports that 11 European nations have agreed to cooperate in an \$887-million space program to be run eventually by the European Space Agency.

International Monetary Crisis

Aug. 6—The U.S. dollar gains against European currencies, reaching a 3-week high against the West German mark.

Aug. 13—For the 1st time in 3 months the price of gold dips below \$100 per ounce.

Aug. 14—The American dollar climbs to a 6-week peak on European exchanges while gold falls to a 3-month low of \$95 an ounce.

Aug. 31—*The New York Times* reports that during the past week, the U.S. dollar gained in value against European currencies. The price of gold in various European financial markets ranged from \$103.50 an ounce to \$106.95 an ounce.

Middle East

(See also *Intl., U.N.*)

Aug. 5—2 Black September guerrillas (believed to be on a hijacking mission) hurl grenades and fire machine guns, killing 3 and wounding 55, at the Athens airport.

Aug. 7—The 2 Arab terrorists are charged with "pre-meditated homicide" in Athens, after telling police yesterday they were under orders from Black September, a Palestinian terrorist organization, "to attack Israel-bound passengers."

Aug. 11—Israeli planes intercept a Middle East Airlines jet plane over Lebanon and force it to land in Israel; the Israeli government announces that the military, searching for Palestinian guerrillas, diverted the wrong plane. The plane is allowed to proceed.

Lebanon calls for international sanctions against Israel, charging "air piracy."

Israeli Defense Minister Moshe Dayan, in a television interview, says the goal of the erroneous diversion was the seizure of George Habash, head of the Popular Front for the Liberation of Palestine, the organization he holds responsible for the attack at the Athens airport last week.

Aug. 13—Israeli and Egyptian vessels clash in the Gulf of Suez, the 1st naval engagement between the 2 countries since the cease-fire 3 years ago.

Aug. 16—An allegedly drunken Libyan, Mohammed el-Toumi, hijacks a Lebanese airliner at Benghazi and forces it to land in Israel. He is seized by an Israeli security team. The hijacker declares that he wanted to show Israelis that not all Arabs are enemies.

Aug. 18—The Middle East News Agency reports that Toumi is a Libyan who is mentally ill.

Aug. 28—U.N. Secretary General Kurt Waldheim arrives in Lebanon from Syria on a tour of the Middle East to try to find ways of arranging a peace settlement.

United Nations

(See also *Middle East*)

Aug. 15—The Security Council, supported by the U.S., votes (15 to 0) to condemn Israel for forcing a Lebanese commercial airliner to land in Israel last week, as "a serious interference with international civil aviation and a violation of the Charter of the United Nations."

Aug. 24—U.N. Secretary General Kurt Waldheim asks for a 2-year, \$513.4-million budget for 1974 and 1975.

Aug. 26—U.N. Secretary General Waldheim issues a report to U.N. members on the state of the world; he asserts that there is an urgent need for international cooperation.

War in Indochina

(See also *Iran*)

Aug. 1—To relieve the pressure on the southern border of Phnompenh, Cambodian troops begin a new drive southwest of the city.

Aug. 3—The Communists attack within 3 miles of the center of Phnompenh; American bombers inflict heavy losses on the insurgents.

Aug. 5—Secretary of State William P. Rogers reports "intensive planning" for the retreat of Cambodian troops following the scheduled cessation of American bombing on August 15.

Aug. 6—U.S. planes bomb in error the Cambodian town of Neak Luong, 38 miles southeast of Phnompenh, killing hundreds, mostly government soldiers and their families.

Issuing a press statement from Pyongyang, North Korea, Cambodia's deposed leader, Prince Norodom Sihanouk, says his supporters will not negotiate with the U.S. while it continues to aid Cambodia.

Aug. 7—A U.S. plane, in a 2d bombing error, strikes a government-held village near Neak Luong, which suffered 400 casualties in yesterday's bombing error.

The South Vietnamese command reports a rising level of fighting across the country but of low intensity—127 incidents in the last 24 hours, the highest since June 16 when 129 clashes were reported.

Aug. 8—The U.S. Defense Department announces a step-up of bombing attacks in Cambodia.

Aug. 13—Military sources report the loss of a government market town northeast of the capital, as American bombing continues its heavy attacks around Phnompenh.

Aug. 15—After intensive bombing for more than 6 months, the U.S. ends its combat involvement in Cambodia, as voted by the U.S. Congress on June 30.

Laotian government sources report a deadlock in the peace talks between government officials and the pro-Communist Pathet Lao, and a renewal of fighting in southern Laos.

Aug. 17—in Bangkok, Prime Minister Thanom Kittikachorn and the U.S. Ambassador to Thailand issue a joint U.S.-Thai statement announcing that early discussions will be held on reducing U.S. troop strength in Thailand.

Aug. 20—Laotian army troops surround the home of the neutralist Premier, Prince Souvanna Phouma, in an alleged right-wing attempt to overthrow the government. It is not known whether the Premier is at home.

The leader of the abortive coup, Brigadier General Thao Ma, is killed when he tries to flee. Premier Phouma announces that order has been restored.

Aug. 21—The Laotian government announces that several members of the abortive right-wing coup have been executed.

The Cambodian Ambassador to the U.S., Um Sim, reads a letter that the Cambodian government has sent to all members of the U.S. Congress; the letter urges the U.S. to stand by "the moral obligation" to help the Cambodian government repel the insurgents and to continue to aid Cambodia. He declares that Cambodia will not ask for a resumption of U.S. bombing.

Prince Norodom Sihanouk, from his exile in Peking, declares that he never acquiesced in the secret bombing of Cambodia, as President Nixon implied in a speech yesterday. (See also *U.S., Foreign Policy*.)

Aug. 24—A joint statement by the U.S. and Thailand is issued, announcing that the U.S. will begin immediately to withdraw some of its troops and planes from Thailand.

The New York Times reports that Premier Phouma has been meeting with his Cabinet and military officers to try to win their support for a peace agreement with the Pathet Lao.

Aug. 25—Cambodian refugees fleeing to Kompong Trach along the South Vietnamese-Cambodian border report that North Vietnamese and Cambodian Communist troops are fighting one another. The conflict began over rice supplies and territorial control; it has resulted in hundreds of casualties for the North Vietnamese and Cambodians.

Pheng Phongsavan, the neutralist interior minister, reports that the Communist-led Pathet Lao has promised that all North Vietnamese troops will be withdrawn from Laos 2 months after a final peace pact is signed.

Aug. 26—The Cambodian military command reports that Communist forces have cut off the 2 overland supply routes to Phnompenh, and that the lull in the fighting during the last 10 days is over.

Aug. 31—A Cambodian government spokesman reports that last night Communist forces bombarded heavily the town of Kompong Cham, 35 miles northeast of Phnompenh.

ARGENTINA

Aug. 1—Foreign Minister Alberto Juan Vignes and legislative leaders accuse the U.S. Embassy's chargé d'affaires, Max V. Krebs, of interfering with legislation affecting foreign investment and banking in Argentina. Vignes acknowledges that the U.S. has apologized.

Aug. 3—The Senate votes a unanimous resolution to ask the government to consider expelling Krebs. The action follows a unanimous resolution by the Chamber of Deputies which passed new foreign-investment legislation yesterday.

Aug. 8—*The New York Times* reports that the recently resigned President of Argentina, Héctor J. Cámpora, will become ambassador-at-large in Latin America.

Aug. 10—President Raúl Lastiri and his Cabinet reassert Argentinian sovereignty over disputed Antarctic territory.

Aug. 11—Following a \$1-million extortion demand by leftist guerrillas, the Coca-Cola Export Corporation orders 25 executives and their families to leave.

Juan D. Perón and his third wife, Isabel, accept the Peronist party's nominations as presidential and vice-presidential candidates, respectively, in the forthcoming elections on September 23.

CAMBODIA

(See *Intl. War in Indochina*)

CANADA

Aug. 2—The Bank of Canada raises its lending rate to 6.75 per cent from 6.25 per cent, and Canada's chartered banks follow with increased lending rates.

Aug. 27—Prime Minister Pierre Elliott Trudeau calls Parliament into special session "at the earliest possible date," so that it may attempt to terminate the 4-day-old railroad strike.

Aug. 30—Parliament meets to try to legislate an end to the strike.

CHILE

Aug. 3—President Salvador Allende Gossens, affirming civil leadership, pledges "all necessary legal means" to combat a wave of strikes and rebellious terrorist acts.

Aug. 9—President Allende forms a new "Cabinet of National Security," including the heads of the 3 branches of the armed services and the national police, "to restore political order." Opposition groups demanded participation of the military.

Aug. 16—*The New York Times* reports that new bombings and sabotage have occurred in the provinces; unsuccessful bombing attempts have been made on the homes of 3 U.S. embassy officials. Truck owners, on strike for 3 weeks, reject a second ultimatum that they return to work.

Aug. 18—Air Force Commander in Chief, General César Ruiz Danyau, resigns as minister of public works and transportation.

Aug. 21—Foes and supporters of Allende's government fight in the streets for almost 5 hours.

Aug. 23—General Carlos Prats González resigns as defense minister and commander in chief.

Aug. 24—in Santiago, 5,000 rightist and leftist militants battle and are dispersed by police.

Aug. 27—Terrorist violence erupts again. The scheduled swearing-in of a new Chilean Cabinet is postponed.

Aug. 28—President Allende reorganizes his Cabinet, with military leaders in key posts, so that it may be more effective in trying to restore order.

Aug. 30—The truck strike enters its 36th day. Doctors, nurses and other professional workers stay home from their jobs. In Santiago, shopkeepers close their stores for the 3d consecutive day. In the southern provinces, anti-government protest strikes are held.

CHINA, PEOPLE'S REPUBLIC OF

Aug. 29—*Hsinhua* (official press agency) announces that on August 24–28, the 10th Congress of the Chinese Communist party met in Peking. The dispatch states that the Congress adopted a revised party constitution, chose a new Central Committee, and approved Premier Chou En-lai's political report.

Aug. 30—in Peking, it is announced that a new ruling Politburo has been chosen by the new Central Committee.

Aug. 31—The text of Premier Chou's report on the 10th party congress is made public. His remarks are highly critical of the Soviet Union; he warns that China must beware of a surprise attack "by Soviet revisionist social-imperialism."

CYPRUS

Aug. 4—Cypriote underground leader General George Grivas demands that President Makarios resign and call new elections, or face civil war.

EGYPT

(See also *Intl. Middle East*)

Aug. 29—Colonel Muammar el-Qaddafi, Libya's leader, and Egyptian President Anwar Sadat proclaim the "birth of a new unified Arab state." However, the declaration provides for a gradual approach to unification of the 2 nations, as insisted on by Egypt. The original agreement called for the completion of unification by September 1, 1973.

GERMANY, DEMOCRATIC REPUBLIC OF (East)

(See also *U.S., Foreign Policy*)

Aug. 1—Walter Ulbricht, East German head of state until 2 years ago, dies at the age of 80.

Aug. 10—The government threatens action to halt the flow of refugees to the West.

GERMANY, FEDERAL REPUBLIC OF (West)

Aug. 2—The government admits tapping civilian telephone conversations in West Germany at the request of U.S. intelligence agencies.

GREECE

Aug. 13—The government indicted 56 navy officers who were charged with attempted mutiny last May.

Aug. 19—George Papadopoulos, who seized power in Greece 6 years ago and who abolished the monarchy by decree on June 1, is inaugurated as the first President. After the ceremony, Papadopoulos announces amnesty for some 300 political prisoners, the end of martial law, and the formation of a special Cabinet in October to prepare for elections. General Odysseus Angelis is sworn in as Vice President; he has resigned as commander in chief.

Aug. 20—President Papadopoulos issues a decree granting amnesty to some 300 political prisoners.

Aug. 31—According to *The New York Times*, a source in Athens reports that Papadopoulos has asked Spyros Markezinis, a political leader and historian, to form a Cabinet in October and to hold general elections in 1974.

INDIA

Aug. 18—in New Delhi, Indian and Pakistani negotiators confer on the issue of the over 90,000 Pakistani civilian and military prisoners held in Indian camps since December, 1971, and the other "hostage groups."

Aug. 20—Indian and Pakistani negotiators discuss resettlement of Biharis from Bangladesh in Pakistan; Bangladesh wants Pakistan to accept 260,000 Biharis.

Aug. 26—Pakistani officials confer with Indian Prime Minister Indira Gandhi to try to break the deadlock over resettlement of prisoners.

Aug. 28—Indian and Pakistani negotiators sign an agreement in New Delhi that will pave the way for the release of most of the 90,000 Pakistani prisoners held by India. It is reported that one of the crucial issues has been settled by a tacit agreement by Bangladesh to drop plans to hold war crimes trials of Pakistanis, in exchange for Pakistani recognition of Bangladesh.

IRAN

Aug. 4—Officials report that North Vietnam and Iran agree to establish diplomatic relations at an ambassadorial level, clearing the way for Iran's participation on the International Commission of Control and Supervision in South Vietnam.

Aug. 14—The Iranian Ambassador to the United States, Ardesir Zahedi, announces that Iran has been accepted as a member of the International Commission of Control and Supervision in Vietnam.

IRELAND

(See *United Kingdom, Britain*)

ISRAEL

(See *Intl., Middle East, U.N.*)

JAPAN

(See also *Korea*) **LICENSED TO UNZ.ORG
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Aug. 6—The government announces that Premier Kakuei Tanaka will visit Moscow in October.

Aug. 10—Premier Tanaka pledges full efforts by Japan to try to locate South Korean opposition leader Kim Dae Jung, reportedly kidnapped from his Tokyo hotel 3 days ago.

Aug. 15—Mitsui & Co., Ltd., announce an agreement in principle with American Metal Climax, Inc., involving the 1st major Japanese purchase of a stake in a large U.S. concern.

KOREA, REPUBLIC OF (South)

(See also *Japan*)

Aug. 14—Kim Dae Jung, the South Korean opposition leader abducted from a hotel in Tokyo 6 days ago and freed last night near his home in Seoul, attributes his release to South Korea's fear of damaging relations with Japan.

LAOS

(See *Intl., War in Indochina*)

LEBANON

(See *Intl., Middle East, U.N.*)

LIBYA

(See *Egypt; U.S., Labor*)

PAKISTAN

(See also *India*)

Aug. 7—It is announced that President Zulfikar Ali Bhutto will be nominated by the ruling People's party to be Prime Minister; he will not run for President under the new constitution; the party has nominated Fazal Elahie, Speaker of the National Assembly, as its presidential candidate.

Aug. 12—Bhutto is elected Prime Minister by the National Assembly.

PHILIPPINES

Aug. 13—President Ferdinand E. Marcos, asking for Muslim cooperation, pledges the use of martial law powers to develop Muslim lands in Mindanao.

THAILAND

(See *Intl., War in Indochina*)

U.S.S.R.

(See also *U.S., Foreign Policy*)

Aug. 28—*The New York Times* reports that Aleksandr I. Solzhenitsyn, Nobel Prize novelist, in an interview with 2 Western newsmen, has revealed that his life has been threatened.

UNITED KINGDOM

Great Britain

Aug. 1—Britain's big commercial banks raise their

base lending rate by 2 points to 10 per cent, the highest since 1914.

Aug. 6—The Defense Ministry denies the story of 2 brothers that British intelligence authorized a bank robbery in Dublin, but admits that 1 brother was to provide "information about the activities" of the Irish Republican Army. Opposition spokesmen demand an inquiry.

Aug. 24—Following a week-long series of explosive devices placed throughout London, a letter bomb to the Stock Exchange explodes and injures 2 persons. Scotland Yard blames the Irish Republican Army for the violent tactics.

Aug. 27—in Washington, D.C., a letter bomb explodes in the British Embassy; 1 person is injured. It is believed to be the work of the I.R.A.

Northern Ireland

(See also *Great Britain*)

Aug. 28—Prime Minister Edward Heath begins a 2-day visit to Northern Ireland to try to convince Protestant and Catholic leaders to set up a coalition executive to govern under the new constitution.

UNITED STATES

Civil Rights

Aug. 2—U.S. District Judge John H. Pratt rules that President Richard Nixon has the right to authorize "national security" wiretaps without a warrant.

Economy

Aug. 2—The Labor Department reports a decline in wholesale prices in July, the largest drop in a quarter of a century after 7 months of abnormally large increases in the wholesale price index.

Aug. 3—Unemployment drops to a 3-year low of 4.7 per cent in July.

Aug. 6—The price of wheat tops \$4 a bushel for the 1st time on the Midwest grain exchanges.

Aug. 10—The Nixon administration announces continuation of price controls on gasoline, heating oil and other petroleum products for an indefinite period.

The Census Bureau reports a jump of 3 per cent in retail sales in July.

Aug. 13—The 60-day freeze on prices ends and Phase 4 of the economic stabilization program opens. Major companies announce that they will raise the price of steel used in autos and household appliances. The Chrysler Corporation applies to the Cost of Living Council for approval of price increases.

The Federal Reserve Board increases its discount rate from 7 to 7.5 per cent, a record high.

Aug. 15—The Commerce Department reports significant gains in personal income during

Aug. 20—The Cost of Living Council announces that it will hold public hearings on price increases to be instituted by the major steel and automobile companies within 30 days. The Internal Revenue Service has 30 days to approve or deny the increases.

Aug. 24—The Commerce Department reports that U.S. exports reached a record high in July, giving the U.S. a trade surplus (its 2d surplus in the past 22 months).

Treasury Secretary George P. Shultz cautions that wholesale prices of farm products will rise in August as a result of the end of the food price freeze on July 18.

Aug. 27—Several leading banks raise their prime interest rate to 9 3/4 per cent; this apparently marks the start of the fifth general rise in the prime rate in the past 5 weeks.

Aug. 30—The Agriculture Department reports that the average price of all raw farm products rose by 20 per cent in the month ending August 15. For the first time in 21 years, farm prices have soared above 100 per cent of parity.

Foreign Policy

(See also *Intl., U.N., War in Indochina; Argentina*)

Aug. 1—William H. Sullivan, formerly a Deputy Assistant Secretary of State for East Asia and Pacific Affairs, assumes the post of U.S. Ambassador to the Philippines.

Aug. 2—White House press secretary Gerald L. Warren declares that the Nixon administration has pledged to continue all legally allowable economic, military and diplomatic aid to the Cambodian government.

Aug. 9—in Washington, U.S. and East German officials open talks aimed at establishing diplomatic ties between the 2 countries.

Aug. 14—Charles S. Whitehouse, a career diplomat, is sworn in as Ambassador to Laos.

Aug. 17—at a news conference, Defense Secretary James R. Schlesinger says that U.S. air support will be called up if North Vietnam should attack South Vietnam.

Schlesinger announces that the Soviet Union has successfully tested missiles with multiple hydrogen warheads that can be separately targeted.

Aug. 20—Addressing the national convention of the Veterans of Foreign Wars in New Orleans, President Nixon defends his order of February, 1969, for the secret bombing of Cambodia as "absolutely necessary" to save the lives of American soldiers and to bring peace to Southeast Asia. He asserts that the secret bombing was made known to "appropriate Government leaders . . . and to appropriate Congressional leaders . . ."

Aug. 23—Secretary of State-designate Henry A. Kissinger

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affairs, declares that "we must create a new consensus." He pledges to pursue a more open, less secretive foreign policy.

Government

Aug. 1—The Senate Watergate committee (the Senate Select Committee on Presidential Campaign Activities) reports a March 30, 1972, memorandum by Charles W. Colson, former special White House counsel, that warns of a document telling of a "\$400,000 arrangement" with I.T.T. to help finance the Republican National Convention.

The Senate approves the nomination of William E. Colby as director of the Central Intelligence Agency; he has been deputy director for plans at the C.I.A.

Aug. 2—Richard Helms, former Director of Central Intelligence and now Ambassador to Iran, tells the Senate Watergate committee of his resistance to White House pressure on Watergate matters.

The Senate votes, 77 to 16, to override President Nixon's veto yesterday of an emergency medical services bill; the House of Representatives will vote after it returns from recess on September 5.

President Nixon nominates former U.S. Ambassador to South Vietnam Ellsworth Bunker as an ambassador-at-large and his wife, the former Ambassador to Nepal, as Assistant Secretary of State for Public Affairs.

The New York Times reports that it has obtained records showing an expenditure of \$703,000 in public funds for renovating President Nixon's estate at San Clemente, California, including thousands of dollars for improvements unrelated to safeguarding the President.

The Senate votes, 62 to 28, to increase the minimum wage to \$2.20 an hour for most workers.

Aug. 3—In a letter to congressional leaders, President Nixon warns of "dangerous potential consequences" of the cut-off of U.S. bombing of Cambodia on August 15.

President Nixon proposes legislation for major changes in the nation's banks and savings institutions.

U.S. District Judge Gerhard A. Gesell orders the Health, Education and Welfare Department to release impounded funds intended for establishing community mental health centers.

Completing action on several bills before Congress recesses, the House of Representatives votes, 253 to 152, to increase the minimum wage from \$1.60 to \$2.20 an hour next July for most workers; approves, 382 to 34, a compromise highway bill to finance urban mass transit projects eventually; and passes a compromise farm bill, which limits subsidies to \$20,000 for any one farmer.

Attorney General Elliot L. Richardson announces

the reopening of the investigation of the May 4, 1970, shootings at Kent State University, when Ohio National Guardsmen killed 4 students and wounded 9.

Aug. 6—L. Patrick Gray 3d, former Acting Director of the F.B.I., in his 2d day of testimony before the Senate Watergate committee, tells of warning President Nixon in July, 1972, "that people on your staff are trying to mortally wound you by using the F.B.I. and the C.I.A."

The Nixon administration reports the expenditure of \$10 million for presidential security at the President's residences and a plan to make public a "detailed accounting" of the acquisition of his Key Biscayne, Florida, and San Clemente homes.

President Nixon signs a law extending the Federal Law Enforcement Assistance Administration for 3 years.

Aug. 7—at the last session of the 1st phase of the Senate Watergate hearings, former U.S. Attorney General Richard G. Kleindienst and U.S. Assistant Attorney General Henry E. Petersen testify to having no information implicating President Nixon in the Watergate cover-up. The investigation resumes September 10.

In a 10,000-word brief, attorneys for President Nixon argue before U.S. District Judge John J. Sirica that the courts have no power to force the release of presidential tapes to a grand jury as sought by Watergate Special Prosecutor Archibald Cox. Judge Sirica orders oral arguments on August 22.

The New York Times reports that federal officials are investigating bribery, extortion and tax fraud charges that implicate Vice President Spiro Agnew and some of his associates.

Aug. 8—Vice President Agnew, speaking on national television, calls reports that he took kickbacks from government contractors "damned lies."

Aug. 9—The Senate Armed Services committee releases a 1969 Pentagon memorandum, initialed by former Secretary of Defense Melvin R. Laird and written by General Earle G. Wheeler, then Chairman of the Joint Chiefs of Staffs, approving the falsified reporting of the Nixon administration's secret B-52 raids in Cambodia.

The Senate Watergate committee files suit in the U.S. District Court to order President Nixon to release White House tapes relevant to the Watergate case under investigation.

Former Governor John A. Love of Colorado, recently appointed by President Nixon as special assistant for oil policy, announces the retention of the voluntary fuel allocation plan and warns of the problems of a mandatory fuel allocation program.

Aug. 10—President Nixon signs legislation ending farm price subsidies and setting up a new 4-year

program that allows the market forces of supply and demand to determine prices; it provides cash payments to farmers if prices fall below the law's "target" prices.

Former Secretary of Defense Laird denies sanctioning the falsification of military records but tells newsmen he authorized "a separate reporting procedure" on the secret B-52 bombing raids in Cambodia in 1969.

President Nixon signs a bill to extend the Federal Housing Administration's authority to grant low-interest loans at least until October 1; at the same time the F.H.A. raises its maximum interest rate from 7 to 7.75 per cent.

The Gulf Oil Corporation admits an illegal contribution of \$100,000 to President Nixon's 1972 re-election campaign, the 3rd corporation to do so in recent weeks.

The Committee for the Re-election of the President releases letters on its refunding a \$40,000, 1972 campaign contribution to the Goodyear Tire and Rubber Company.

Aug. 13—In the U.S. District Court for the District of Columbia, Special Prosecutor Archibald Cox responds to a White House brief filed last week in an effort to persuade the court to order the President to release his tapes.

President Nixon signs a \$23-billion highway bill which provides a share for urban mass transit assistance for the 1st time.

Aug. 14—Vice President Agnew, in a letter to U.S. Attorney George Beall, offers to answer questions personally and open his records in the federal investigation of his alleged role in a scheme of extortion, bribery, tax fraud and conspiracy in Maryland.

Deputy White House press secretary Gerald L. Warren says that the President wants "all appropriate steps" taken in the federal investigation of allegations mentioning Vice President Agnew.

Aug. 15—In a televised report to the nation, President Nixon, again denies any "prior knowledge of the Watergate operation" or its cover-up; he insists on the confidentiality of the presidential tapes. Urging the nation to leave conflicting Watergate testimony for the judicial and congressional investigations to resolve, he declares that "the time has come . . . to get on with the urgent business of our nation."

In a White House statement, President Nixon, marking the end of the American bombing in Cambodia, says the congressional order to end the bombing "undermines the prospects for world peace" and warns North Vietnam against taking advantage of the cessation.

Aug. 16—Jeb Stuart Magruder, former deputy director of the Committee for the Re-election of the

President, pleads guilty in a federal district court to charges of conspiracy to obstruct justice and eavesdrop on the Democratic National Headquarters at the Watergate complex in Washington, D.C.

Aug. 17—In federal district court, a legal brief in defense of President Nixon's refusal to release the presidential tapes is filed. The brief rebuts the argument by Archibald Cox, the Justice Department's Special Prosecutor for the Watergate case, that the President cannot withhold evidence in cases of possible criminal activity. Nixon's brief asserts that the executive branch has the exclusive right to end a prosecution if "other governmental interests" are overriding.

Aug. 20—The Secret Service announces that it has uncovered a plot to kill President Nixon during his visit to New Orleans. A motorcade through the city is cancelled by the President. (See also *Foreign Policy*.)

Watergate Special Prosecutor Cox and J. Fred Buzhardt, presidential counsel dealing with Watergate and related affairs, reach an agreement that the White House will make available to Cox its files on the International Telephone and Telegraph Corporation for his investigation of possible obstruction of justice by I.T.T.

Aug. 21—Vice President Agnew issues a statement charging the Justice Department with leaking information to the news media of the investigation by the U.S. Attorney's office in Maryland concerning alleged violations of federal criminal statutes covering fraud, bribery and extortion.

Aug. 22—President Nixon announces that he has accepted the resignation of Secretary of State William P. Rogers and that he will nominate his adviser on national security affairs, Henry A. Kissinger, as Rogers' successor.

In his first news conference in 5 months, President Nixon, on the lawn of the Western White House at San Clemente, asserts that he has not considered resigning in the wake of the Watergate scandals, although the scandals have obstructed his ability to govern. He reaffirms his confidence in Vice President Agnew's integrity despite his being under investigation for allegedly receiving kickback or payoff money.

In the U.S. District Court for the District of Columbia, Chief Judge John J. Sirica listens to arguments by Special Prosecutor Cox and President Nixon's counsel, Charles Alan Wright, as to whether or not the President may withhold the presidential tapes of his telephone and office conversations from a grand jury. Judge Sirica declares that he will try to hand down his decision within the next week.

Aug. 23—According to *The New York Times*, informed sources at the Justice Department confirm

that for the last 30 years F.B.I. agents have carried out "illegal and unlawful" burglaries to gain information for criminal cases and against alleged leaders of crime, as well as in national security cases. Such activities had been authorized by the late F.B.I. director, J. Edgar Hoover, without informing the U.S. Attorneys General. Hoover ended such practices in 1966.

Attorney General Elliot L. Richardson discloses that he has ordered an investigation into whether the Justice Department has leaked information about a federal investigation concerning Vice President Agnew.

Aug. 25—Secretary of State Rogers declares that he would never have approved the White House-ordered wiretaps on 3 high-ranking foreign service officers from 1969 to 1971. President Nixon has defended the taps as essential to detect and prevent "national security leaks."

Aug. 27—in an analysis of President Nixon's property transactions, made by an international accounting firm and released today, it is disclosed that C. G. Rebozo and Robert H. Abplanalp, close friends of the President, are the 2 principal financial backers of President Nixon's purchase of his San Clemente, California, estate.

Aug. 29—Judge Sirica rules that the presidential tapes be turned over to him to inspect so that he can determine the validity of the President's refusal to release the tapes to the Watergate grand jury presided over by Special Prosecutor Cox.

A White House statement declares that President Nixon will not comply with Judge Sirica's order because of his insistence on preserving the separation of powers established by the Constitution and on "maintaining the precedent of confidentiality of private Presidential conversations."

In papers filed in Federal District Court, White House lawyers reject the Senate Watergate committee's demands for the presidential tapes on the basis that the Senators are acting illegally in attempting to discover whether or not individuals have been guilty of criminal acts.

The Senate Watergate committee files a motion with Judge Sirica requesting that the court enforce 2 subpoenas already served on the President demanding the release of the tapes.

Aug. 30—After a meeting between President Nixon and his attorneys, the White House issues a statement announcing that the President will appeal Judge Sirica's decision before the Court of Appeals for the District of Columbia.

Labor and Industry

Aug. 12—The Occidental Petroleum Corporation receives \$135 million in cash from the Libyan government as partial compensation for the national-

ization of a 51-per-cent interest in its Libyan oil assets.

Aug. 13—The Penn Central Transportation Company receives a \$17.7-million emergency loan from the Federal Railroad Administration but will require massive subsidy assistance by October 31 to continue operations, according to a trustee, Jervis Langdon, Jr.

Aug. 23—at a news conference, Cesar Chavez, president of the United Farm Workers Union, declares that he welcomes the action on August 21 by President Frank E. Fitzsimmons of the International Brotherhood of Teamsters, who repudiated Teamster contracts with 30 California grape growers; the growers previously had contracts with the U.F.W.

Military

Aug. 9—the U.S. Army command in Heidelberg rescinds as "inappropriate" its recently publicized plan of a "counterdissidence effort" among soldiers of the 8th Infantry Division.

Science and Space

Aug. 6—2 Skylab 2 astronauts space-walk for 6 hours and 31 minutes, an endurance record in space—"walking."

Aug. 8—in 35 minutes the Skylab 2 astronauts accomplish the most extensive earth resources photographic survey ever undertaken.

Supreme Court

Aug. 1—Citing procedure, Justice Thurgood Marshall upholds the Court of Appeals' ruling reversing a court-ordered bombing halt in Cambodia.

Aug. 4—Upholding an injunction issued in a federal court in Brooklyn on July 25, Justice William O. Douglas orders an immediate halt to U.S. bombing in Cambodia. Within hours his order is overruled in an order issued by Justice Marshall after he has polled the 7 other Supreme Court justices, and received their support.

Aug. 13—Chief Justice Warren E. Burger denies for a 2d time in 5 days an application to call a special session of the Supreme Court to consider the constitutionality of the U.S. bombing in Cambodia.

VIETNAM, REPUBLIC OF (South)

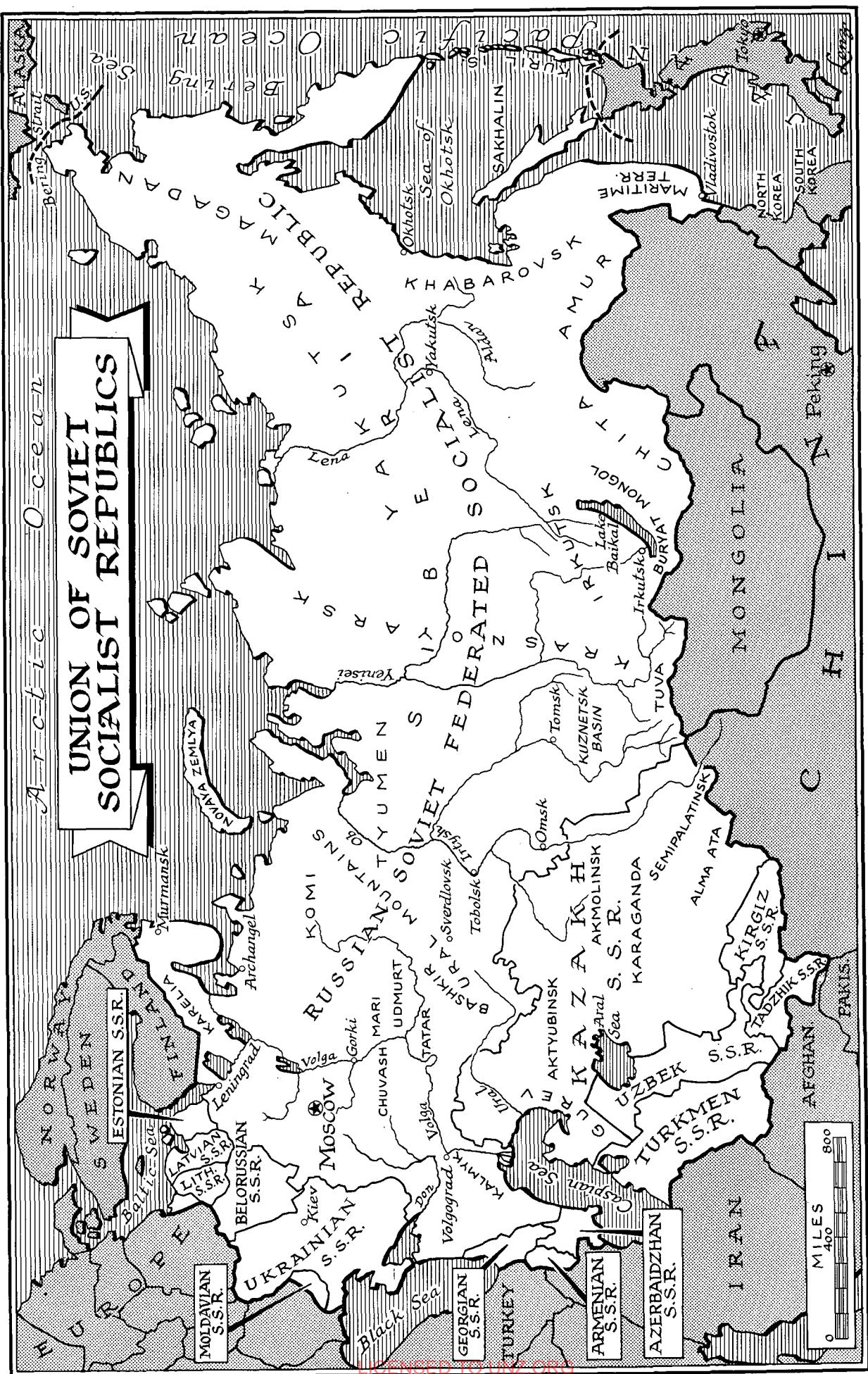
(See *Intl. War in Indochina*)

Aug. 27>Returns from yesterday's election for the Senate show that the 2 pro-government slates have won a large majority of the seats.

ZAMBIA

Aug. 25—President Kenneth D. Kaunda signs the new constitution setting up a one-party system.

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